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NEW YORK: Monday, Sept. 16 (AP) — The interest rate war in the industrial countries and the questions of the dollar were key themes discussed at the meeting of the Group of Seven industrial nations — the United States, West Germany, France, Japan, Britain, Italy and Canada — who met here this week.

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PARIS, MONDAY, SEPTEMBER 17, 1979

Established 1887

Western Officials Meet Secretly on Economic Policy

By Carl Gewirtz

Sept. 16 (UPI) — The interest rate war in the industrial countries and the questions of the dollar were key themes discussed at the meeting of the Group of Seven industrial nations — the United States, West Germany, France, Japan, Britain, Italy and Canada — who met here this week. Officials would confirm that the meeting was reportedly met today in the White House. The meeting was said to include Treasury Secretary William Miller of the United States, Paul Volcker, the Federal Reserve chairman, and other officials. The meeting was said to be a continuation of the meeting in Tokyo last June. The meeting was said to be a continuation of the meeting in Tokyo last June. The meeting was said to be a continuation of the meeting in Tokyo last June.



President Carter shows the strain of the billy run in Catoctin Mountain Park Saturday. He was forced to drop out.

A Pale, Wobbling Carter Quits 6-Mile Foot Race

By B. Drummond Ayres

WASHINGTON, Sept. 16 (UPI) — President Carter, wobbling, pale and exhausted, dropped out of a 6.2-mile foot race yesterday near his weekend retreat at Camp David. The president, an avid jogger who will be 55 on Oct. 1, apparently suffered no lasting ill effects after dropping out of the run near the two-thirds mark. After checking over the president, Dr. William Lukas, the White House physician, said (Continued on Page 2, Col. 7)

As Rebellion, Political Turmoil Intensify Taraki Quits in Afghanistan, Premier Amin Takes Control

By Barry Shlachter

NEW DELHI, Sept. 16 (AP) — President Nur Mohammed Taraki of Afghanistan resigned the presidency and leadership of the ruling party today, Radia Afghanistan reported, as intensifying rebel warfare and political dissension pushed the country deeper into turmoil. President Taraki, 62, citing poor health, resigned in favor of Minister Hafizullah Amin, 50. He is considered to be a more hard-line Communist than Mr. Taraki, and had forced him into the background in recent months to emerge as the pro-Soviet regime's strongman. Afghanistan has been weakened by an internal split in the ruling Khalq (People's) Party and an insurgency by rightist Moslem tribesmen, who now control about half the countryside.

Mr. Amin has aroused criticism within the party for a heavy-handed approach to reforms and counter-surgency measures, informed sources said. Afghan and diplomatic sources said the party rift was drawn along pro- and anti-Amin lines. The former schoolteacher who was educated at Columbia University, gained control of the secret police and an independent network of informers, and succeeded in preventing ministers from building their own power bases, they said. It was not immediately clear whether the fired ministers sympathized with the anti-Amin faction. But Col. Watanjar, respected in the military, party and government, diplomatic sources said. In the July shuffle, Mr. Amin took over defense responsibilities under the "guidance" of President Taraki, replacing Col. Watanjar, who had held that post.

Mr. Amin's takeover as president leaves him as the unquestioned dominant figure in Afghanistan. Mr. Taraki's resignation followed the dismissal Friday of the last two military officers in Mr. Amin's Cabinet. Diplomatic sources reported today that the apparent Cabinet purge was followed immediately by shooting and loud explosions in the capital, but they could not say whether there was a direct link to the political developments. The former president, although a Communist, was considered to be less radical than many of the people who brought him into power in April of last year in a coup that toppled President Sadr Mohammed Daud.



Nur Mohammed Taraki

Premier Criticized by Top Khomeini Aides

Clergy Intensifies Attacks on Bazargan

TEHRAN, Sept. 16 (UPI) — Iran's increasingly powerful Moslem Shiite clergy today intensified its attacks on Premier Mehdi Bazargan and a key aide of Ayatollah Ruhollah Khomeini, who called for the premier's resignation. Ayatollah Bani Sadr, who joined Mr. Bazargan's offer to join his Cabinet, charged in a speech published today that the government was "cracking up" and that there was no alternative but to "uproot it and replace it by another government."

The Islamic economist's attack on Mr. Bazargan coincided with criticism of the premier by other top Khomeini aides, including Ayatollah Behabadi, alternate chief of the experts assembly studying Iran's new constitution, and Ayatollah Ahmad Azari-qomi, who resigned as Tehran prosecutor protesting government obstructionism. It was the strongest barrage of criticism directed at Mr. Bazargan since he became Ayatollah Khomeini's provisional premier in February pending the transfer of power to an Islamic constitutional regime.

It was also the first time that members of the revolutionary council, Iran's supreme executive and legislative body, participated in an attack on Mr. Bazargan. The attack indicated a reversal of circumstances. Until recently, Mr. Bazargan had threatened to resign but was urged each time by Ayatollah Khomeini to stay on as a religious obligation. Criticism of Mr. Bazargan rose in mid-August when Ayatollah Khomeini, accusing the government of weakness, assumed command of the armed forces to crack down on rebellious Kurds in west Iran. But the ayatollah, who is de facto head of state, subsequently threw strong support behind Mr. Bazargan and even banned revolutionary organizations from interfering with government affairs.

Mr. Bazargan responded today to the clergy's attacks with an implicit charge that the clergy-dominated experts assembly revised Iran's new constitution despite previous agreement on a final draft. The 73-member assembly, which is examining the constitution before its final ratification by a referendum (Continued on Page 2, Col. 5)

IMF's Gloomy Outlook for Economy of World

er Nations Seen Powerless to Slow U.S. Recession

John T. Norman

WASHINGTON, Sept. 16 (AP) — The International Monetary Fund said today that the United States is sliding into an economic recession but that there is little that other industrial nations can do to offset this through expansion. The fund's gloomy outlook for the remainder of 1979 in its annual report. The report said that various developments during 1979, clearly a period of "severe" world economic growth, would be offset by the start of the IMF said, economic growth in the industrial countries had averaged about 4.1 percent in 1977 and 1978, but was expected to "decline" in 1979 because of the U.S. slowdown. "Now," the report said, "the output growth in the industrial world will prove to be less than had been generated."

report, to be presented to finance ministers and central bankers at an IMF "interim committee meeting Oct. 1 in Belgrade, predicts a decline in economic growth rates of the industrial countries of about 2 percent for next year, down from about 2.3-2.4 percent this year. According to IMF economists and the annual report of the executive directors, signs of economic weakness are multiplying in the industrial nations. While the IMF expects a gradual decline in the U.S. economy during the remainder of the year followed by a slow upturn during 1980, it also said that the U.S. unemployment rate, currently 6.6 percent, could move up to a range of 7.5 or 8 percent by late next year. The IMF report said that the "generally depressive" effects of oil price increases since the end of last year and the U.S. economic recession raise a number of important policy issues for the industrial nations. "In the first place," the IMF said, "a U.S. recession (whatever its duration and severity) couldn't be offset in the other industrial countries; in general, their economies aren't buoyant and because of the fact of the threat of inflation, they wouldn't be in a position to adopt significantly more expansionary policies in an endeavor to compensate for the recessionary development in the U.S., although they could be expected to maintain their growth rates as much as possible."

bs, Gunfire in Beirut Damage Ministry Offices

Sept. 16 (UPI) — Snipers machine guns today at the Beirut Ministry building was damaged a Labor Ministry and the Health Ministry. No injuries were reported. The attack, which occurred in the city's busiest streets, was said to be a continuation of the attack in Beirut. The attack was said to be a continuation of the attack in Beirut. The attack was said to be a continuation of the attack in Beirut.

Life a Daily Struggle for Postwar Beirut

By Doyle McManus

BEIRUT, Sept. 16 — A long line of oiled brown bodies, covered only symbolically by black string bikinis, shined in the Mediterranean sun. Waiters in red jackets ferry trays of champagne, iced wine and Perrier water to lounge chairs by the pool. Beyond the clear blue waters of the bay lay gently at the yacht harbor, disturbed only by the wake of an incoming motorboat. There is a quick burst of automatic rifle fire, only a block or two away. The sunbathers do not look up; they are used to gunfire. After all, this is Lebanon. Where else would the beautiful people spend their afternoons in front of a blackened, burned-out hulk — the St. Georges Hotel in the ruins of central Beirut?

Christian-Moslem Conflict Continues Amid Shooting, Disrupted Services

There is still, amazingly, big money in Beirut. Mercedes sports cars from Saudi Arabia and Cadillacs with New York and New Jersey plates cruise the shopping districts, while hundreds of sunbathers throng the St. Georges and other elegant beach clubs every summer afternoon. Chic boutiques still display Paris clothes, at Paris prices. The seaside restaurants are crowded, and food is plentiful. But for all that, many Lebanese say, the quality of life is even worse than it was at the end of the civil war. Beirut's telephone system, once the best in the Arab world, now works only about half the time — and then, not very well. A caller often waits 10 minutes merely to get a dial tone, and then he may get no connection. Many phone lines are disconnected by repairmen who then insist on a decent tip from the customer in exchange for fixing the line. The national electricity grid can no longer produce its prewar output, and every district has its power cut for 12 hours each week. The water system often fails as well. Other public services, such as garbage collection, have declined or disappeared. Beirut's Hamra Street, once the most elegant shopping district in the Middle East, is awash in piles of rotting refuse. Refugees from the on-and-off fighting on the southern border with Israel have streamed into Beirut, occupying almost every house and apartment they could break into. The squatters, most of them peasants unused to city ways, often clash with their rent-paying neighbors. And their advent has aggravated an existing housing shortage, pushing the rent for a two-bedroom apartment as high as \$850 a month. Beirut's criminals have gotten bolder and the police, never too effective, understandably refuse to challenge miscreants who carry grenades and machine guns. Last week, the wife of Deputy Premier Nazem Kadri walked out of a shop to find that her car — with official government plates — had been stolen. The car was found not by the police, but by the private militia of the rightist Falangist Party.

Nigeria Reported Set To Raise Price of Oil

NICOSIA, Sept. 16 (Reuters) — Nigeria has told its oil customers they may have to pay up to \$5 a barrel more than current OPEC prices from next month, according to an economic journal published here today. The Middle East Economic Survey, which specializes in oil matters, said it understood that the increase, described as a special market premium, will be at least \$3 a barrel. The journal described the rise as "the first major break in the OPEC price ceiling of \$23.50 set at the June conference in Geneva."

Decline in Services

The national electricity grid can no longer produce its prewar output, and every district has its power cut for 12 hours each week. The water system often fails as well. Other public services, such as garbage collection, have declined or disappeared. Beirut's Hamra Street, once the most elegant shopping district in the Middle East, is awash in piles of rotting refuse. Refugees from the on-and-off fighting on the southern border with Israel have streamed into Beirut, occupying almost every house and apartment they could break into. The squatters, most of them peasants unused to city ways, often clash with their rent-paying neighbors. And their advent has aggravated an existing housing shortage, pushing the rent for a two-bedroom apartment as high as \$850 a month. Beirut's criminals have gotten bolder and the police, never too effective, understandably refuse to challenge miscreants who carry grenades and machine guns. Last week, the wife of Deputy Premier Nazem Kadri walked out of a shop to find that her car — with official government plates — had been stolen. The car was found not by the police, but by the private militia of the rightist Falangist Party.

De Facto Partition

The Christian political parties, instead of fighting the de facto partition of the country, sometimes appear to be working for it. Two weeks ago, when the officially nonsectarian army published its officer promotion list, almost every Christian political leader in the country protested that the promotions were unbalanced — that is, they did not include enough Christians. Moslem politicians quickly realized by making the same complaint: The promotions were unbalanced — in the opposite direction. To fact, a source close to Premier Salim al-Hoss said that the list was about as balanced as the army could make it. The protests, he said, were merely Moslem-Christian politics as usual. "They hold a civil war, they kill thousands of people, and they learn absolutely nothing from it," mourned Moghram Trani, a well-heeled oil dealer, as he sipped a gin and tonic by the Lebanon Golf Club's swimming pool. "I think my country is hopeless, I really do."

30 Deaths in Rhodesia War

SALISBURY, Sept. 16 (UPI) — The military command yesterday reported 30 war deaths and charged that Mozambican troops entered Zimbabwe Rhodesia on looting sprees. A communique said government troops have killed nine black nationalist guerrillas and 12 guerrilla collaborators in clashes in which three black civilian bystanders were also killed.

Trudeau Goes to China

VANCOUVER, B. C., Sept. 16 (Reuters) — Canadian opposition leader Pierre Elliott Trudeau left today for Peking on a 10-day trip to China that will include a visit to Tibet, aides said.

News Analysis

Mideast Negotiations Enter Time of Relative Harmony

By Bernard Gwertzman

WASHINGTON, Sept. 16 (NYT) — On the anniversary of the Camp David accords, the United States, Israel and Egypt find themselves in relative harmony, after several weeks of intense friction caused by U.S. efforts to lure the Palestinians into negotiations at an early stage.

Negotiations on "full autonomy" for Palestinians in the West Bank and Gaza Strip stem from the Camp David agreements, signed a year ago today. So far, the negotiations have been confined to representatives of the United States, Israel and Egypt and have made little or no progress.

But instead of reaching for a new breakthrough on the Palestinian question, a goal it pursued with some vigor earlier in the summer,

the Carter administration has resigned itself to low-key, drawn-out negotiations that may extend well into next year without any participation by Palestinians.

As a result of the Camp David accords, Egypt and Israel eventually signed a peace treaty March 26 and its terms are now being carried out. The countries are also involved in a more complex problem of deciding the fate of Palestinians in Israeli-occupied lands.

The White House is considering issuing a statement marking today's anniversary, and Zbigniew Brzezinski, the national security adviser, plans to give a speech in New York tomorrow marking the date.

Although U.S. relations with Israel, and to a lesser degree with Egypt, have been strained in the last

two months, officials from the three countries have said recently that tensions had been sharply reduced.

This has been largely the result of the administration's decision, on the advice of its chief Middle East negotiator, Robert Strauss, to stop pressing the issue of Palestinian participation in the talks.

The mood also has become more relaxed because President Anwar Sadat of Egypt and Prime Minister Menachem Begin of Israel, who were at Camp David with U.S. President Carter a year ago, seem to have established a close working relationship that was lacking some months ago.

Mr. Strauss, who returned Thursday from his most recent trip to Egypt and Israel, assured Mr. Sadat and Mr. Begin that the Carter ad-

ministration would not try to introduce the most controversial issues, such as Palestinian participation, into the negotiations now.

Rather, the United States will cooperate with Egyptians and Israelis in working groups to achieve agreements on "easy" technical issues involved in creating the rules for elections and other aspects of Palestinian autonomy.

These assurances were welcomed, particularly in Israel, because for most of the summer the United States appeared concerned not so much with the actual autonomy negotiations but rather with finding ways of bringing Palestinians into the talks.

A U.S. representative, at a preliminary meeting, also angered the Israelis by seeming to side with the

Egyptians in asserting that the eventual Palestinian authority could have broader functions than just an administrative role.

As a result of these differences, the United States found itself accused by the Israelis and their U.S. supporters of renegeing on the Camp David framework agreement, which Mr. Carter had helped bring about.

That charge nettled administration officials, who contend all their actions were consistent with the letter and spirit of Camp David. They contend the problem is that the Israelis preferred to move more slowly in the negotiations and that the possibility of U.S. talks with the Palestine Liberation Organization under the Israelis more than officials had anticipated.

Administration officials assert that the emphasis on the Palestinian question was forced upon the United States by the UN Security Council's preoccupation with the issue.

The Arab states were pressing for a vote on Palestinian rights and the administration thought it could be turned into an opportunity for seeking PLO acceptance of Israel's right to exist. That, in turn, could facilitate a dialogue between the United States and the PLO, and its permission for Palestinian representatives to take part in the autonomy talks.

The Camp David accord provided for participation in the negotiations by local Palestinians and Jordanians. But in keeping with the Arab world's denunciation of the agreement, neither the PLO nor any significant Palestinian faction has agreed to take part. King Hussein, a long-time friend of the United States, said recently that there was "no way" Jordan would join the talks.

State Department officials said in July and August that unless Palestinians were persuaded to join the negotiations soon, they would never accept the "autonomy" worked out on their behalf. This would give the negotiations a hollow ring, and subject the United States to ridicule in the Arab world.

This, in turn, would lead to new oil pressures and a rise of terrorism. These concerns still exist in the State Department. But for several reasons, including refusal by the PLO to show any significant flexibility, the drive to engage the Palestinians in the talks has been suspended.

Miller Asks Firm to Redraft Aid Request

U.S. Rebuffs Chrysler Bid for \$1.2-Billion Support

By Helen Dewar

DETROIT, Sept. 16 (UPI) — The financially beleaguered Chrysler Corp. asked the government yesterday for \$1.2 billion in loan guarantees, and was immediately told by Treasury Secretary William Miller that the proposal was "way out of line."

After a 2½-hour meeting in Washington with top Chrysler executives, Mr. Miller said any government assistance "would have to be well below \$1 billion." He told the company to redraft its plan if it expects support from the Carter administration in Congress.

The administration, which earlier rejected an initial Chrysler bid for direct aid of at least \$1 billion in tax credits, has said it would consider supporting a move in Congress for \$500 million to \$700 million in loan guarantees.

In an inch-thick proposal for federal assistance issued by the company's headquarters here, Chrysler indicated it expects a net earnings loss of \$1 billion this year, considerably more than projected earlier, and a cash shortfall of up to \$2.1 billion through 1982.

\$1.2-Billion Gap

Through a variety of corporate economies already initiated, the company said it can raise about \$900 million, leaving a gap of \$1.2 billion. To fill the gap, it proposed an immediate \$500 million in loan guarantees, backed up by another \$700 million in "contingent" loan guarantees that would be used only if needed.

Chrysler said it "sees no means" of raising the \$500 million, but might be able to raise the \$700 mil-

lion "under the most favorable circumstances" — although it said it was not confident of its ability to do so.

Chrysler's disclosure that its losses this year could top \$1 billion in what one official called a "worst case scenario" portrayed a bleaker

immediate outlook than earlier projections, which envisioned losses of somewhat more than \$700 million. A one-year loss of \$1 billion would be a record for any company in the world, according to a Chrysler official.

But the company predicted that

2 East German Families Escape To West in Homemade Balloon

NAILA, West Germany, Sept. 16 (UPI) — Two East German families jammed together on a tiny platform escaped to the West early today in a homemade hot air balloon whose glare illuminated the darkness.

West German border police said it was the first time a balloon had been used by refugees since the Berlin wall was built 18 years ago.

They said two couples with four children made a 30-minute, 46-kilometer (28-mile) flight over the mines and barbed wire on the eastern side of the border to a safe landing in the West German state of Bavaria.

One man was a 37-year-old aircraft mechanic and the other a 24-year-old bricklayer. "We are very, very happy to be in the West," the mechanic said, "We were fed up with conditions on the other side."

They landed near Naila, about eight kilometers inside West Germany. "They were not sure they had crossed the border as they came down sooner than planned because their gas reserves ran out," a policeman said.

The balloon's flight was marked by burning gas after its takeoff at 2:40 a.m. near the town of Poesneck in the East German province of Thuringia. A Western policeman who saw the glare at about 3 a.m., 10 minutes before the balloon landed, said "I thought a house was on fire."

"It is amazing the balloon could remain airborne," police said. "Eight people and four gas containers were on a platform only 1.4 meters long and 1.4 meters wide (4.5 feet by 4.5 feet). The balloon was the size of a small tent."

The men said they built the balloon out of nylon, bed sheets and parts bought in different East German towns in order not to arouse suspicion.

Naila Mayor Robert Strobel gave them money for their immediate needs and promised them homes if they settle in the town.

by 1985 annual net earnings would reach \$996 million, with Chrysler's share of auto sales on the domestic market rising from 10 to 12.4 percent by that year.

Chrysler said it has taken "drastic" steps to improve its financial health, including reducing fixed costs by \$1 billion annually, tapping available lines of credit, restructuring top management and pursuing a new products program requiring expenditure of \$13.6 billion through 1985 to meet federal requirements and expand its existing 10-percent share of domestic auto sales.

It said it is planning further sale of Chrysler interests abroad, a reduction of its basic car lines from five to three, and other streamlining measures.

The company projected that, with federal aid, it would be making money again by 1981, with net earnings of \$393 million that year as opposed to a projected loss of \$482 million next year. It said it envisions complete repayment of the guaranteed loans by the end of 1985.

Mr. Miller said that, on the basis of his discussions yesterday, he expects Chrysler to modify the \$1.2-billion aid plan, which he called "preliminary."

Congress Reluctant

However, Chrysler Chairman John Riccardo and President Lee Iacocca did not indicate publicly if or how the plan, which they had not labeled preliminary, might be modified. "It is a difficult period for all of us," said Mr. Riccardo. He called the meeting "fruitful," but added: "I really think we've done all that we can."

Britain Drops Plan to Sell Part of North Sea Fields

LONDON, Sept. 16 (AP) — The Conservative government, in a turnaround on a key economic issue, has abandoned a move to sell off a big slice of the state-owned British National Oil Corp.'s assets in the North Sea.

It had planned to raise an estimated £400 million (\$840 million) to cut its financial deficit this year from the sale of BNOC's hefty stake in the offshore oil fields. But the move stirred strong opposition, with BNOC chiefs and the Labor Party bitterly against selling energy assets.

Energy Secretary David Howell announced Friday that the government now will seek the money by offering Britons BNOC shares linked to rising crude oil prices. He said the government wanted the public "to have the fullest opportunity to share the benefits of the nation's oil wealth."

He also said BNOC will start negotiating advance sales for oil still under the North Sea in a bid to trim the national deficit. The Financial Times reported that BNOC was expected to raise at least £300 million (\$630 million) in the next six months this way.

Britain expects to be self-sufficient in oil production by the mid-1980s, with an estimated output of 2 million barrels a day.

Mr. Howell gave no clear explanation for the reversal of policy. But political observers said Prime Minister Margaret Thatcher's advisers warned that voters would not support selling off vital national assets, probably to oil companies.

The liberal Guardian reported the Conservative backbenchers indicated that "it is clear that the right wing of Mrs. Thatcher's Cabinet has suffered a significant defeat at the hands of the Tory traditionalists. Pragmatism, the old established Tory characteristic, has triumphed."

However, Mr. Howell is expected to continue the Conservative program of whittling down the state corporation's wide powers in North Sea operations and sales. Last month he announced that BNOC would no longer automatically get a 51-percent stake in new North Sea fields and would lose its say in how fields are run.

Bazargan Criticized

(Continued from Page 1)

dum in late autumn, added a new article to the draft last Wednesday giving vast executive and legislative authority to the clergy.

Article five of the constitution was not mentioned in the original draft presented to the public in June.

Mr. Bazargan said the constitution was approved in its original form by Ayatollah Khomeini, the government and the revolutionary council, before it went to the assembly. While it was being framed, he said, there had been no dispute on its contents.

Mr. Bazargan said last week that Ayatollah Taleghani had been concerned over the assembly proceedings. The Ettelaat newspaper then said Ayatollah Taleghani had opposed article five.

But legal experts said the addition of article five left unclear the future position of Iran's president, whether the post would combine the religious and political authorities or if it would be superseded by an even higher religious authority. Ayatollah Khomeini has been asked to become president but has not responded.

PLO Delegation in Iran

TEHRAN, Sept. 16 (Reuters) — Ayatollah Khomeini yesterday received a high-ranking Palestinian delegation amid signs of increasing Iranian involvement in the Arab world.

The four-man Palestine Liberation Organization delegation was the most senior to visit Iran since PLO leader Yasser Arafat came immediately after February's revolution. The four were reported to have gone to Qom to see Ayatollah Khomeini to express the PLO's condolences over the death of Ayatollah Taleghani.



El Salvador protesters draw guns and seek the origin of shooting which left 3 dead and wounded during demonstration Friday. Soldiers fired on thousands of marchers in the city.

El Salvador Cancels Independence Festival

SAN SALVADOR, Sept. 16 (UPI) — The government canceled independence day celebrations yesterday as protesters prepared a three-mile funeral procession for two teachers allegedly killed by Salvadoran soldiers.

The government of President Carlos Humberto Romero called off festivities marking El Salvador's 158th national anniversary at the last minute, apparently fearing new disorder after a shooting Friday.

Mr. Romero and members of congress had been scheduled to speak at the Plaza de la Libertad, near where National Guardsmen and plainclothes policemen opened fire on the demonstration.

The Red Cross reported three persons were killed and 21 wounded.

An ABC-TV cameraman whose wife was among those wounded said a video tape showed police opened fire on the demonstrators from a hospital parking lot as the march moved toward the plaza.

Marchers replied by firing pistols and throwing at least two homemade bombs at the troops.

The anti-government Popular

Revolutionary Bloc at first had planned the funeral demonstration for Manuel de Jesus Maravilla, 21, killed Friday. But Mr. Maravilla's family claimed the body and took it for burial to Santa Elena, a village near San Salvador.

The BPR later said it would stage the funeral procession for two teachers allegedly killed by government troops in San Salvador Thursday. A high school student also was reported killed in this incident.

San Salvador's municipal

vice was shut down yesterday as the bus owners decided to service until the trouble on Friday, demonstrators set fire to buses.

Business in San Salvador usually nonexistent yesterday kepters had steel curtains drawn in front of their stores. The streets were littered with glass and garbage. Roads on capital were crowded with traffic.

gin of 49.3 percent to 49.2 three non-socialist parties.

The balance between the blocs in the 348-seat parliament swinging slightly back again at times the Socialists' one-seat edge, the next the Socialists leading 175-174.

With the 593 district pro the Social Democrats have 1, and the Communists 20, 1. The Conservatives were to have won 71 seats, the party 65 and the People's Party for 174. The final outcome hinge on the last 38,000 of 38,000 votes were given to uncounted today would be 10,000 votes mailed from abroad.

Going into the election, Social Democrats had 152 of seats in Parliament, compared a total of 180 for the coalition. Social Democrats' conservative Alliance Party, the Falkland Islands Party, the People's Party of Prem Ullsten.

The Moderate conservatives, according to the projected outcome would get 20.1 percent of the vote — up 4.5 percent compared with the 1976 election.

The Center Party under Thorbjorn Falckin however suffered heavy losses, down 5.8 percent to 18.3. The party stands to lose about one-fourth of its support from the last election.

Liberals Unchanged

The currently governing liberal People's Party of Premier Ola Ullsten remained at 10.8 percent, down 0.3 percent.

Mr. Falckin's Social Democrats made small gains, standing at 43.7 percent — up 1 percent — while the Communist party went forward by 0.8 percent to 5.6.

The race was still an unsettled finish between the two "blocs" with the Socialists having a narrow margin.

There was no reason for concern about Mr. Carter's health. "He's in good physical condition," the doctor said.

Mr. Carter was one of 980 runners in the race, which was over steep hills in Catocin Mountains National Park. He was accompanied by Dr. Lukash and a small cluster of aides and Secret Service agents, some on foot, others in vehicles.

The president was running up a hill, near the 4-mile mark, when he dropped out. Dr. Lukash advised him to quit after noting that he was pale, wobbling and moaning.

Mr. Carter protested but then took his physician's advice. Secret Service agents helped him to the side of the road and into a car for the ride back to Camp David.

"It looked like he just pooped out," Dr. Alan Golden, a runner who was nearby, recalled. "We had been running along at a good clip, about eight minutes to the mile, mostly downhill. Then we started up this steep hill and he began to wobble and moan a little. He looked shaken."

Mr. Carter has been jogging for about a year, one of more than 25 million Americans who have taken up the sport in the last decade. He normally runs around the drive behind the White House but on weekends takes to the roads near Camp David, including the road used in yesterday's race.

White House aides said he had not previously run competitively except while at the Naval Academy, where he won a cross-country letter as a plebe. In a recent interview, he called jogging "one of the high points of my day."

He said he tried to run each afternoon, varying the distance from 3 to 7 miles.

"I start looking forward to it almost from the minute I get up," he added. "If I don't run, I don't feel exactly right. I carry a watch, and I can check off a mile in six and a half minutes when I really turn it on."

They were hysterical — said Oskaloosa County sheriff investigator Bill Welch, who ordered the boys — aged 7 and 11 — tied to the tree Wednesday. Stephen Randolph Cummings, Nicoville was charged with vated child abuse and jail wife told police that her 11-year-old son was trying to watch television [his sons] wouldn't be if this was what he chose to do.

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Strike Action

Auto Workers Reach Deal With General Motors

DETROIT, Sept. 16 (NYT) — A tentative agreement reached in a new three-year contract between the United Automobile Workers and General Motors was hailed yesterday by the government.

Alfred Kahn, director of President Carter's Wage and Price Stabilization, said he had "no idea" what the tentative agreement and its impact on the economy would be. He said that the agreement, which would end the longest U.S. auto strike in 15 years, would be a "settlement aside."

Mr. Kahn said that the agreement would be "good for the economy in the long run."

General Motors Co., the second largest U.S. automobile manufacturer, is scheduled to start production of a new car with a new contract, and it is expected to be the pattern set by the other auto makers.

General Motors' agreement, which was reached after more than 27 days of negotiations, would end the longest U.S. auto strike in 15 years.

The agreement would provide for a 3 percent increase in the base wage rate for the first year, and a 2.5 percent increase for the second and third years. It also provides for a 10 percent increase in the cost-of-living allowance for the first year, and a 7.5 percent increase for the second and third years.

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Oil Shortage Report Issued by News Agency

WASHINGTON, Sept. 16 (NYT) — The New York Times News Service published Friday (IHT, 16), a report by the Federal Reserve Bank of New York that U.S. oil companies are likely to cut domestic production of oil last fall and winter, contributing to the oil shortage.

The report said that the decline in oil production was "unusually large" and that it was "likely to be a permanent decline."

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HEW Secretary Accuses Chicago Of School Bias

WASHINGTON, Sept. 16 (WP) — Secretary of Health, Education and Welfare Patricia Harris accused the city of Chicago yesterday of 40 years of deliberate segregation and rebuffed its request for millions of dollars in emergency school aid.

She warned that unless the city moves within 30 days to show that it is willing to end classroom segregation, she will send the matter to the Justice Department — a step that could trigger court-ordered busing and a judicial de-segregation plan for the city.

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White House Press Secretary Jody Powell, left, greets Sen. Edward Kennedy last Thursday evening during a chance encounter at a reception in Washington while Mrs. Powell looks on.

News Analysis

Presidential Kennedy Moderates Image

By Steven Rattner

WASHINGTON, Sept. 16 (NYT) — To most Americans, the familiar Edward Kennedy is the senatorial liberal, an old-style liberal who has remained true to the credo that ever bigger government is ever better, even while liberals around him are abandoning the territory.

Last week, a presidential Kennedy appeared, and during a brief foray into broad economic issues, offered a more anocratic philosophy dwelling on free enterprise, the limitations of government and inflation. Sen. Kennedy who has waged wars for tax reform for working families now stressed that, when a tax cut became necessary, it should first include breaks for business to spur investment.

But the distinction should not be overdrawn. The contradictions between the two Kennedys were few, representing for the most part more a change in emphasis than a shift. Perhaps more important, his latest remarks, in an interview, helped flesh out his economic views, which on the broader issues of unemployment and inflation had been largely unspoken.

Wage, Price Controls

Being a senator requires positions on many individual matters; the larger picture is usually subordinate. Now Sen. Kennedy's economic must match presidential vistas. He has staked out his territory carefully, positioning himself more toward the middle of the road and indeed suggesting that he does not differ substantially with President Carter's economic policies. "I believe we're facing difficult economic problems today to which there are no magic or easy solutions," he said.

Like Mr. Carter, Sen. Kennedy is opposed to mandatory wage and price controls. He also believes in voluntary guidelines and agrees that Mr. Carter's program is as well constructed as any. But, he says, "Perhaps there's been some confusion" over who in the administration is running them. "I've seen them work before in the 1960s," he said, alluding to his brother John's presidency.

In setting on the intangibles of managing the economy as his theme, Sen. Kennedy appears to be recognizing what many economists have been saying — that the present economic difficulties are in large part induced by outside forces, such as the oil price increases, and that within the present political constraints, few alternatives to Mr. Carter's policies are apparent.

At the same time, Sen. Kennedy's and Mr. Carter's economic circles are not totally overlapping. Sen. Kennedy leaves the impression that he would not take the threat of inflation so seriously as to pursue policies that risk stagnation and unemployment. He supports the expected 1980 budget deficit of about \$30 billion, but leaves open further reductions. He warns that "we're reaching the point of being close to the limit" on raising interest rates, but does not object to the recent sharp jump.

In stressing the economy, Sen. Kennedy appears to be setting up something of a strawman — giving Mr. Carter every chance to turn the economy around, knowing that it is virtually certain to worsen in the next few months as the nation slips toward the low point of the business cycle.

Liberal Record

In recent years, Sen. Kennedy has focused on the domestic economy in a predominantly liberal manner. There is his voting record — a five-year average of 98 from the liberal Americans for Democratic Action and a 1 from the American Conservative Association. There is, as well, his rousing speech at the Democratic mid-term convention last December. "There could be few more divisive issues," he said in an oblique reference to Mr. Carter, "than a Democratic policy of drastic slashes in the federal budget at the expense of the elderly, the poor, the black, the sick, the cities and the unemployed."

He has stayed within this theme in his recent legislative efforts. On energy, he recently unveiled a \$58 billion plan focusing on grants to homeowners and loans to business for conservation. That served as dramatic counterpoint to Mr. Carter's far more costly synthetic fuels program, which Sen. Kennedy feels should be scaled down.

On national health insurance, he scaled back the plan he presented earlier this year, but still is committed to a more ambitious plan than Mr. Carter's. The Kennedy plan

uses private insurance companies but brings the government into almost every aspect of the health business. National health may be one of the few areas where the public mood is sympathetic to more government involvement. In others, such as antitrust, Sen. Kennedy has met continued resistance to legislation to prevent large corporate mergers and to allow consumers more freedom in suing suppliers.

Sen. Kennedy and Mr. Carter share common ground on a number of specific issues. But even on some of these, the senator has put greater stress and effort on the liberal. And he has often been more successful in support of the administration's liberal positions than the administration. On taxes, for instance, while he has lost many skirmishes to the conservative Senate, he has also won a few.

Tax Debate

During the tax cut debate a year ago, he engineered an amendment to increase the tax cut for lower-income Americans. By raising the size of the total tax cut, that strategy cleverly precluded addition of new loopholes, which have been the focus of Kennedy tax reform efforts for five years.

In some areas, Sen. Kennedy's philosophy and the temper of the times mesh nicely, such as in the deregulation movement. With administration support, he helped push through an airline deregulation bill and is now working to deregulate trucking. He also has a regulatory reform bill — backed by the administration — that is aimed mostly at improving competition.

"I'm a strong believer in the forces of competition and the least intrusive means of government," he said last week, while arguing strongly against diluting the protection of the environment and worker safety.

Economists who advise Sen. Kennedy believe that his occasionally all-out liberalism reflects more the partisan nature of the Senate than the policy of a Kennedy presidency. They believe that as president he would move more toward the center and they cite as evidence the increasing moderation in his views as he has moved closer to a presidential race.

"He's a pretty pragmatic guy," said one such economist. "He would make his peace with business and the financial community. I don't think he would make any critical mistakes in policy like overstimulating the economy. I don't sense any strong ideological commitment to the left wing — he's really no more left than Jack was."

In Senate Ethics Panel Resolution

Talmadge Conduct Found Reprehensible

By Edward T. Pound

WASHINGTON, Sept. 16 (NYT) — The Senate Select Committee on Ethics, after a 16-month inquiry, has recommended that Sen. Herman Talmadge, D-Ga., be denounced by the Senate for engaging in financial misconduct.

In a unanimous vote Friday, the six-member panel said it had concluded that Sen. Talmadge's conduct was "reprehensible and tends to bring the Senate into dishonor and disrepute." The committee's disciplinary resolution will now go before the Senate, which must decide whether to accept the recommendation.

The committee said in a statement accompanying the resolution that its investigation may have turned up violations of the law. Accordingly, the panel said, it was turning over its files to the Department of Justice, which has been conducting a separate criminal investigation of Sen. Talmadge's office and campaign finances.

The committee rejected a bid to recommend censure, historically a damaging political rebuke, by a vote of 5 to 1.

As a result, Sen. Talmadge said, "I feel my position has been borne out. There is no finding of intentional wrongdoing." The 65-year-old senator, who is chairman of the Agriculture Committee and an influential member of the Senate, added, "In sum, I feel the result is a personal victory."

But one committee member, Sen. Mark Hatfield, R-Ore., argued that the words chosen by the committee in rebuking Sen. Talmadge were "more harsh" than the word censure. Sen. Hatfield and other members of the committee, including its

chairman, Sen. Adlai Stevenson 3d, D-Ill., indicated that a unanimous vote was essential to avoid an acrimonious floor fight in the Senate.

Sen. Talmadge did not indicate whether he intended to contest the committee resolution on the floor. He said he was reserving judgement until he had an opportunity to read the panel's final report, which is expected to be submitted to the Senate by the end of the month.

The committee had lodged five misconduct charges against the senator and had held hearings early this summer. Members said Friday that they had dismissed as unsubstantiated one charge that Sen. Talmadge incorrectly reported taxes on gifts he made to his former wife.

U.S. Unit Delays Revision Of Wage-Price Standards

By Edward Cowan

WASHINGTON, Sept. 16 (NYT) — The Carter administration announced yesterday that it would delay revision of its voluntary wage and price standards for a maximum of 15 days in a further effort to win the support of organized labor for its anti-inflation program. Labor has been seeking a larger voice in how the guidelines are to be changed.

An announcement by the Council of Wage and Price Stability also indicated that "in the interim" the agency would loosen its 7-percent pay standard for nonunion employees "to remedy the inequities" that the council staff now believes these workers have experienced. Nonunion workers make up 78 percent of the work force.

The decision to delay publication of the revised standards, which were to have been issued Friday, was made by President Carter Friday night on the recommendation of a majority of his economic policy group. The revisions would have slightly modified the 7-percent pay standard and tightened the price guidelines.

The announcement said, "Publication of second-year voluntary price and pay standards will be made no later than Sept. 30, 1979." That appeared to set a deadline for Lane Kirkland, secretary-treasurer of the AFL-CIO, who has been negotiating intermittently with the administration since June over the powers of a proposed tripartite pay committee.

'Controlling' Role

The AFL-CIO has said that such a group of labor, business and public members should play a "controlling" role in revising and interpreting the pay standard and reviewing applications for exceptions. The administration is unwilling to transfer so much power to a group that it contends should be advisory.

Conversations have been held also with officials of the United Automobile Workers and the International Brotherhood of Teamsters, but the most significant negotiating over the powers of a tripartite committee has been done by Mr. Kirkland and his associates.

Yesterday's announcement spoke of "the possibility of establishing advisory committees" of representatives of the private sector. That was a reference to two concepts: an advisory committee on the price standard, which few officials regard as necessary, and labor-management boards or working groups for major industries, such as construction and trucking.

Senate Passes Bill Supporting Farm Empires

WASHINGTON, Sept. 16 (WP) — The Senate rewrote federal reclamation law last week in such a way as to leave most of the huge agribusiness empires in the West intact, but the action, which fell far short of Carter administration proposals, is expected to face tenacious going in the House.

Prompted by a phalanx of lobbyists representing larger irrigators, the revision of the 1902 Reclamation Act would exempt at least 2.3 million acres of the world's lushest crop land from acreage limitations originally set to promote small farms.

Because the 160-acre limit set by the 1902 law was only irregularly enforced, farms of immense size were created, and water subsidies have gone to landholders that include railroads, oil companies, farming companies and multinational corporations.

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Macapagal Accuses U.S. Of 'Coddling Dictatorship'

Ex-President of Philippines Blames Carter for Marcos

By Henry Kamm

MANILA, Sept. 16 (NYT) — The former president of the Philippines, Diosdado Macapagal, accused the Carter administration yesterday of "coddling" an overstay and corrupt dictatorship against the people by its support of President Ferdinand Marcos, who has ruled by martial law for nearly seven years.

"We expected that if the human-rights plan of Mr. Carter was to

have any authentic meaning at all it should have been attempted here to rescue Philippine democracy," Mr. Macapagal said.

The conservative, pro-American leader, whom Mr. Marcos succeeded as elected president in 1965, said Mr. Carter could have used American leverage with Mr. Marcos to persuade him to hold a free election because "Marcos is now totally dependent on the United States."

Mr. Macapagal said President

Carter's leverage should have consisted of delaying conclusion of negotiations on a new arrangement for the two large U.S. military bases in the Philippines, under which this country receives substantial military assistance, until Mr. Marcos had yielded to a demand for election.

"I feel he would have succumbed because he would be helpless without the United States now," the former president said. However, Mr. Macapagal refused to say whether

the Carter administration should have gone as far as to cut off military aid if Mr. Marcos had remained firm. He said this would not have happened because if the army and the people had learned that Mr. Marcos had defied the United States his regime would have been toppled.

A new agreement, recognizing Philippine sovereignty over the bases and providing \$500 million in economic and military aid over five years, was signed in December. However, Mr. Macapagal said that even now U.S. leverage could and should be brought to bear on Mr. Marcos to end martial law.

Mr. Macapagal, who expressed no opposition to martial law for its first three years, has recently become one of the most vocal opponents of Mr. Marcos and consequently a target of government counterattacks.

A booklet against martial law, which he originally published in the United States and Canada in English, was seized recently at the printer's here before its distribution in the national language. Tagalog. The former president was summoned to appear earlier last week before a military inquiry panel on charges of inciting to sedition and rumor-mongering.

The hearing was postponed, and at a news conference Friday Mr. Marcos indicated that the case would not be pursued.

Mr. Macapagal's increasingly open opposition to the Marcos government is compared by observers here to the equally outspoken criticism by Cardinal Jaime Sin, the leader of the Catholic Church in this country. Both had been far more reticent in their criticism until recently. Observers see in this development the effect of mounting polarization in political life provoked by the extended monopoly of power held by Mr. Marcos.

Indonesia Quake Leaves 11 Dead

JAKARTA, Indonesia, Sept. 16 (Reuters) — Eleven persons are known to be dead and almost 15,000 persons homeless on Yapan Island off the northern coast of Irian Jaya (formerly Dutch New Guinea) following Wednesday's severe earthquake and tidal wave, Indonesian officials said yesterday.

The officials in the provincial capital of Jayapura said both figures would probably rise as remote areas were contacted in the wake of the world's strongest tremor in nearly two years.

Six villages were destroyed by the tidal wave caused by the undersea earthquake, while in other parts of Yapan more than 50 per cent of all buildings collapsed or were swept away.

Faces Arrest for Statements

Seoul Opponent Urges U.S. Policy Shift

By Henry Scott-Stokes

SEOUL, Sept. 16 (NYT) — Believed to be on the verge of arrest because of his outspoken opposition to the South Korean government, the leader of the parliamentary opposition here has called upon the Carter administration to end support for the "minority dictatorial regime" of President Park Chung Hee.

"The time has come for the United States to make a clear choice between a basically dictatorial regime, increasingly alienated from the people, and the majority who aspire to democracy," said Kim Young Sam, the opposition leader, in an interview at his home last week.

A court decision on Sept. 7 deprived the 52-year-old politician of most of his functions as head of the opposition New Democratic Party, and the government followed that up with an order that citizens avoid criticism of the judiciary and beware of dissidents seeking to organize workers and farmers.

High officials here suggested Thursday that the government is considering arresting Mr. Kim. "He's asking for it," said Park Joon Kyu, acting head of the governing Democratic Republican Party, when he was questioned about the possibility.

But despite the threat of arrest, Mr. Kim continues to speak out.

Boost to Prestige

"Carter gave a big present to Park by coming here," the opposition leader said through an interpreter, referring to a two-day visit here by Mr. Carter to President Park in June. "He gave Park the courage to wipe out the opposition by boosting his prestige here."

"We asked him not to come, precisely because it could encourage Park to strengthen oppression, and all this came true," he said. "When I think about the trip, I cannot suppress my anger."

Mr. Kim cited a police assault on the headquarters of his party in

Seoul on Aug. 11, the lawsuit brought against him on Aug. 13 to oust him from the party leadership and the threats to silence him by putting him in prison.

"Arrest will not surprise me," Mr. Kim said. "The regime is on its last legs."

But a government official said: "If we were really in a weak position as Mr. Kim wishes to believe, then we would have arrested him already."

Political Crises

Government spokesmen seek to play down the seriousness of the political crisis here. "Our politics seem at the verge of breakdown every month," said Mr. Park, the powerful party leader. "But we manage somehow to come out all right. Looking back over the years since President Park came to power, this would not rank as one of the big crises."

The government appears to be in a dilemma. To arrest Mr. Kim could be self-defeating, as it might make him a public hero. But arrest would stop his repeated public attacks on the government. Hundreds of critics of the government have been sent to prison under laws that forbid criticism of President Park.

Mr. Kim also criticized the United States Embassy in Seoul. "Iran was America's supreme diplomatic disaster," Mr. Kim said, in a reference to the apparent failure of the U.S. Embassy in Tehran to warn the State Department of the weakness of the Shah's government last year. "I want the U.S. Embassy to avoid following the same track here."

"Whenever I tell American officials that only by public and direct pressure on Park can the U.S. bring him under control, they say that they cannot interfere in the domestic politics of South Korea," he said.

"This is a phony theory," he continued. "Doesn't the U.S. have 30,000 ground troops here to protect us? What is it if not interference in domestic affairs?"



American-Led Expedition Follows Hannibal's Elephants Across Alps

SUSA, Italy, Sept. 16 (AP) — Hundreds cheered an American-led expedition of hikers and two circus elephants today as they crossed an ancient triumphal arch in this Alpine town after retracing the march made 2,197 years ago by Hannibal, his army and 37 elephants.

The journey across the Alps had practically ended yesterday, when the two elephants plodded into the Cluses Valley at an altitude of 3,930 feet where the group camped during the night. Then the expedition proceeded for its final destination in this town of 7,000.

The elephants had descended into the valley along a sheer path from the 8,150-foot Clapier Pass on the Italian-French border. The expedition set out from the French village of Bramans on Wednesday.

The group was led by Jack Wheeler, 35, a former philosophy professor from Los Angeles, his fiancée, Jacqueline Vial-King, 35, Sam Ochman, 65, a Los Angeles businessman, who financed the enterprise, circus owner Dante Newman and his son, Ilario.

The enterprise was intended to re-enact the deed of Hannibal, the Carthaginian commander, who set out from Africa, traveled up the Iberian Peninsula and crossed the Alps with his elephants, 20,000 infantrymen and 6,000 cavalry, beginning a 15-year campaign up and down Italy in the Second Punic War.

Wallace Kirkland Sr., 88, Dies; One of 1st Photographers for Life

OAK PARK, Ill., Sept. 16 (AP) — Wallace Kirkland Sr., 88, one of the first photographers for Life magazine, died here Friday.

Born in Jamaica, Mr. Kirkland moved to Chicago in 1913 to attend George Williams College, receiving a degree in social work. He took a job at the Jane Addams settlement Hull House, where he became interested in photography.

Mr. Kirkland chronicled the activities of Hull House and the adjacent Greek community during the 1920s and early 1930s and opened a small photography studio on the Near North Side in 1935. Later, he joined the Life magazine staff, photographing most world leaders of the day.

Heinrich Tenenburger

MUENSTER, West Germany, Sept. 16 (Reuters) — The Roman Catholic bishop of Munster, Heinrich Tenenburger, 64, died of a heart attack today, a church spokesman said.

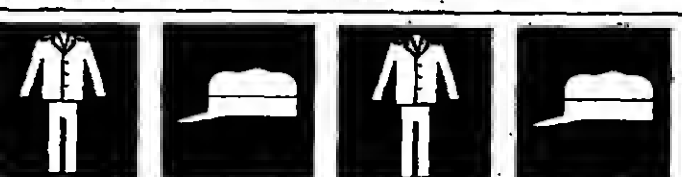
Kidnappers Free Son Of Builder In Italy

ROME, Sept. 16 (AP) — Kidnappers today released Guido Fredi, 13, who had been abducted by four men near Perugia, central Italy, on Aug. 19, police said. They said the parents paid a 500 million lire (\$613,158) ransom.

The boy, son of a Roman builder and estate owner, Roberto Fredi, was found by police at a parking site of the Highway of the Sun, near Rome. His hands were bound, his mouth taped and he was in fair condition.

2 French Planes Collide

HAZEBROUCK, France, Sept. 16 (Reuters) — At least seven persons died when two light planes collided and crashed near this northern French town today, police said. The planes were flying from a small airfield at Mordecque as one of the attractions at a local festival.



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Bid to Increase Readiness

USAF to Use Allies' Base In Crisis Reinforcement

By Drew Middleton

RAMSTEIN, West Germany, Sept. 16 (NYT) — The U.S. Air Force in Europe has given high priority to a program that in war would enable reinforcements flying from the United States to use airfields of eight allies in the North Atlantic alliance.

The program, called "co-located operating bases," is part of an effort to increase readiness in Europe. The goal is to facilitate the handling of the more than 25 squadrons of fighters, fighter-bombers and reconnaissance aircraft that could be assigned to Europe in a crisis or a war.

Those aircraft, after flying the Atlantic, would be in a potentially dangerous situation because the principal regular bases in Western Europe would be crowded, with scores of planes on the ground vulnerable to Soviet air or long-range missile attack.

Gen. John Panly, commander of the U.S. Air Force, Europe, said there were 74 allied bases capable of accepting one U.S. squadron in addition to the one or two squadrons of the North Atlantic Treaty Organization now on them. The Air Force has opened negotiations for the use of 53 of them; 38 agreements have been signed and 15 more are under discussion.

Participating Nations

West Germany, Denmark, Norway, the Netherlands, Britain, Belgium and Italy are the European countries involved; Canada is also participating.

Under the program, the United States provides planes, pilots and maintenance crews for its squadrons on the bases. The host country contributes the runways, housing, food and security. The Americans also require communications from the base into the NATO command network, hardened shelters for aircraft and storage for fuel, oil, lubricants and extra fuel tanks.

Periodically, squadrons that would be assigned to Europe in war fly to the bases from the United States to operate with other U.S. and NATO squadrons. Ten such exercises were held last year.

Gen. Panly explained the program amid furious activity here at Ramstein, one of the main sources for aircraft deployed in the Air Force's part of this year's exercise. Thursday, 230 sorties were flown in 24 hours.

Like the ground forces, the Air Force has made progress in improving the readiness of its European command. Officers conceded, however, that many problems remained. The airborne warning and command system known as AWACS has not won the expected European support, despite recurrent expressions of interest at NATO defense ministers' meetings. Without the E-3A, the aircraft used, U.S. commanders believe, NATO's task of controlling air combat would be more difficult.

The Air Force has made a number of innovations that Gen. Panly believes will increase combat effectiveness. For one thing, the turnaround time for planes on the

Engineers Look For Big Ben's Missing Ding

LONDON, Sept. 16 (AP) — Engineers hurried to Big Ben yesterday when the clock tower's Westminster chime went wrong and lost its note. It struck dong-dong-dong instead of ding-dong-dong-ding.

The strange sound was heard in the quarter-hour chime preceding the 11 a.m. signal.

"We don't know the explanation yet and otherwise the clock is going normally," said an official of the Department of Environment.

Big Ben was named after Benjamin Hall, commission works when the clock was in 1858. It was last stopped March 1978, for maintenance. "Get well" cards poured in the clock in 1976 when its chime mechanism failed, damaged the machinery and the clock room.

Dissident Says 28 Convicted in Soviet Paddy Wagon

BRUSSELS, Sept. 16 (AP) — Jailed Soviet physicist Yuri Orlov said in a message published in part here yesterday that 28 Soviet prisoners died from suffocation on April 7 last year in a paddy wagon parked in a prison courtyard.

Mr. Orlov said the incident occurred at the prison in Kazan, 450 miles east of Moscow. He said he learned of it from another prisoner, whom he identified as V. Marchenko. The 28 prisoners were "jammed into a paddy wagon that was designed for a few people only," and were left in the steel vehicle "in the sun for more than an hour."

The prisoners had arrived by train en route to Kazan prison. "They begged to be let out" of the paddy wagon, Mr. Orlov quoted Mr. Marchenko as saying.

Mr. Orlov's message — a 20-page typewritten report smuggled out of the Soviet Union — deals with abuses in the Soviet penal system. In a first installment published in the Brussels daily La Libre Belgique on Friday, the imprisoned dissident estimated the Soviet prison population at 5 million. Yesterday's installment in the same paper described transport to and from jails and work camps as a "nightmare."

Hard Labor

Mr. Orlov, 53, was sentenced to seven years at hard labor May 18 for criticism of Soviet violations of the 1975 Helsinki human rights agreement. He is currently in a camp in Perm in the Ural Mountains.

Uranium Found In North Greece

ATHENS, Sept. 16 (AP) — Uranium deposits estimated at 1,000 tons have been discovered in northern Greece, the government said yesterday.

The uranium deposits were found near Serres, northeast of Salonika, and are sufficient to power a 700-800 megawatt nuclear reactor plant for 25 years. A 600-megawatt nuclear power plant, expected to go on stream in 1986, is in the planning stage.

A U.S. company, Embeson, has been contracted to do preliminary studies on where the nuclear power plant will be erected, the government said.

Three Robbed

Find the Ideal Jewelry Store

HOUSTON, Sept. 16 (UP) — Three gunmen stole a \$250,000 worth of gems from jewelry store yesterday while shop's security camera was out of film and the burglary was unplugged, authorities said.

Detective C.M. Leonard two men entered Klein's Jew Store and one of them grabbed a customer, pointed a gun at a head and ordered a second guard to drop his gun. "Be the guard gave up his gun stomped on the burglary a button in the floor," but not happened," Detective Leonard said. "Several of the employees tried to get off the alarm, but turned out it was unplugged."

A third gunman entered the store with shopping bags, looted the display cases. Detective Leonard said investigator who later checked the store's security camera for photographs of the robbers found that there was no film in it.

He said the store manager watched the entire robbery in his office through a one-way mirror, but was afraid to call police.

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Regulatory Performance Budget Office Criticizes her U.S. Bureaucracies

INGTON, Sept. 16 (NYT) — An unusual act for a White House agency, the Office of Management and Budget yesterday criticized regulatory performance of a number of branches of the government.

The branch most strongly criticized was the Department of Energy, which the report authors faulted for alleged poor analysis of regulations and for cutting public participation in some regulations.

Criticism was contained in a report on compliance with the executive order in March, last at officials supervise the regulations and called for public participation, better regular review of regulations and the use of plain writing regulations.

Of the goals you have set the executive order have issued more successfully," James McIntyre Jr., of the Office of Management and Budget, said. "The purpose of this report is not to demonstrate that we have finished a job, but how we have begun one."

"I have every expectation that President Carter will read this report," said John White, deputy director of the budget office. "He's obviously concerned."

In addition to the Energy Department, the report was also critical of the Departments of Justice, Interior, State, and Housing and Urban Development, and of the budget office itself.

"One of our enforcement tools is making criticism public because nobody likes to be criticized," said Wayne Grantquist, the associate budget director, under whose supervision the evaluation was prepared.

Mr. Grantquist also reiterated pledges to use budget examiners to help the management experts enforce the executive order.

The criticism has already had at least some effect on some agencies. According to a management official, the Department of Energy attempted to block release of the report.

In addition, a critical section on the Council of Wage and Price Stability drew an angry contention of error and failure to consult. And the budget office later produced an addendum to the report that backed down on part of its criticism of the council.

In general, the report tried to make its criticisms constructive, and in a number of cases it praised agencies that have been most successful in complying with the executive order, particularly the Department of Transportation and the Environmental Protection Agency.

"The Department of Transportation is a leader in carrying out the president's executive order," the report said, complimenting "the continuing commitment of senior level officials."

At most agencies, the least amount of progress has been made in improving the analysis of upcoming regulations. On major rules, the agency is expected to prepare a regulatory analysis "to search for the least expensive way of achieving the goal."

In addition, Mr. White said that "sunset review" of existing regulations to determine which can be dispensed with is "slower going than we had hoped because agencies obviously focus on what is current and what is current are new rules."

As for the requirement to make rules simpler to understand, Mr. White said "there are many people in this government who do not even write English, much less plain English."

—STEVEN RATNER

Sh Net Team ner Defects

S. Airport

NGELES, Sept. 16 (AP) — The U.S. State Department taken charge of a Polish who requested political asylum after leaving the Polish basketball team for which he was a trainer, police said.

The man refused to comment, however. "It's a rather sensitive matter," FBI special agent in charge said.

Los Angeles police Sgt. Cox said that Stanislaw Z, had requested asylum at Los Angeles airport officials. He is a physical therapist. A Polish team that arrived in Mexico City to catch a court.

Denmark Accord

O, Sept. 16 (AP) — China mark signed an agreement into and technical cooperation Friday, the Chinese reported.



MODERN TIMES — A barefoot Amish chats on the telephone, her horse and cart beside the booth, in rural White Horse, Pa. Members of the sect, which shuns automobiles and electricity, do not allow telephones in their homes.

Data on Hydrogen Bomb Barred From Second Newspaper in U.S.

SAN FRANCISCO, Sept. 16 (AP) — A U.S. judge yesterday barred a student-run newspaper in California from publishing portions of a letter the government contends includes secrets about the hydrogen bomb.

The author of the letter, Charles Hansen, who has said his hobby is collecting public documents about nuclear weapons, says he obtained all of the information from public documents.

U.S. District Judge Robert Schnacke ordered the Berkeley-based Daily Californian and two of its editors not to publish or give to anyone else material in the letter, which the government classified earlier in the week as "secret restricted data" under the Atomic Energy Act of 1954.

The temporary restraining order, which did not specify which portions of the letter are classified, also told the newspaper's editors to give the court within five days and in secret a list of all known copies of the letter and who received them.

The case is similar to one currently before a federal appeals court in Chicago and involving a Wisconsin-based magazine. The government there is seeking to prevent the Progressive magazine from publishing an article entitled "The Hydrogen Bomb Secret: How We Got It, Why We're Telling It."

On March 26, a federal district judge issued an injunction barring the publication of the article, which was to have appeared in the magazine's April issue.

Judge Schnacke said justice department lawyers appeared before him yesterday to obtain his signature on the order, arguing that the newspaper, which next publishes tomorrow, was planning to publish the letter.

Judge Schnacke said the order "suggests in strong terms that they [the newspaper editors] better wait before they do anything."

The judge set a hearing for Friday in his San Francisco court to hear arguments from the newspaper and the government on whether a preliminary injunction should be issued extending the publishing ban. The order expires Sept. 24.

Joshua Goshfield, the newspaper's managing editor, the newspaper would comply with the order while appealing.

The suit charged the letter, which was sent to a number of newspapers and individuals, contains "secret, restricted data," and that its publication could injure the United States.

Taunts Provoke Rock-Throwing Secular, Orthodox Jews Clash Over Israeli Road

By David K. Shipler

JERUSALEM, Sept. 16 (NYT) — Hundreds of Orthodox and secular Jews confronted each other angrily for several hours yesterday afternoon with taunts and sporadic rock throwing across a stretch of road that the Orthodox have been trying for months to close on the Sabbath.

Separated by policemen and army units in riot gear, the two groups of demonstrators, one a crowd of black-coated and bearded Hasidim, the other a group of non-religious Jews in jeans, sport shirts and shorts, were also separated by an ideological gulf.

Religious tension has grown here, creating severe friction between the extremely religious, who frequently try to impose their Orthodoxy on the state, and the nonreligious, who are more numerous. The Orthodox have recently forced many street closings in Jerusalem, and last month won a relocation of a proposed sports stadium.

Some secular Jews in certain neighborhoods have organized to block the construction of Orthodox schools for fear the Orthodox will infiltrate the neighborhoods and impose their strict Sabbath observance on local inhabitants. There have even been armed confrontations in the press about religious zealots gaining key positions in the public school system.

Much of this conflict was acted out across the Ramot Road yesterday. On previous Saturdays, the Orthodox Jews, who live in seven-story apartment houses on a bluff above the road leading to a predominantly secular neighborhood called Ramot, in northwest Jerusalem, have showered passing automobiles with rocks to protest what they consider the sacrilege of using machinery on the Sabbath.

On Saturday, residents of Ramot decided to strike back in their determination to keep the road open. About 500 of them, mostly young men, gathered on the two-lane highway.

Arguments began, police officers tried to negotiate a truce. A teenager in a white T-shirt, who said he and some friends from another area of the city had been asked by Ramot residents to come, got into a shouting match with an Orthodox man. "Now I understand why they killed six million Jews," the boy yelled. "Because of people like you!"

He then made an obscene gesture. Immediately, the victim of the verbal assault and the Hasidim around him ran up the slope, picked up rocks and started hurling them down at the Ramot demonstrators. The secular Jews returned the barrage, chasing the long-coated Hasidim up the embankment until helmeted policemen with long night-

sticks intervened, separating the groups.

For several hours, the highway and its opposing embankments looked like an international and hostile frontier. Hundreds of Orthodox men stood imposingly along a ridge above the road, shouting in a constant roar an admonishing "Shabbos! Shabbos!" (Sabbath) — each time an automobile drove slowly by. The Ramot residents, on the opposite bank, applauded and cheered each driver, and some of those behind the wheel leaned on their horns in defiance of the Orthodox.

"I don't care if someone's religious," said the teen-ager who started the melee. "But not the way they are — fanatics. I don't mind if someone is religious in the home, but not on the street. I don't think they have a place here. The only way is to answer them with violence, not like Teddy Kollek."

Mr. Kollek, mayor of Jerusalem, arrived inside a securely guarded police wagon. He has tried unsuccessfully to mediate the dispute, offering the Orthodox more closed streets on Saturdays and a new location for a proposed sports stadium in the hope that they would allow traffic to pass on the Ramot Road, one of two links between the Ramot quarter and the city proper.

"The idea was to build this road to stop the growth of the Orthodox community," said Rabbi Moshe Hersch, who leads a sect opposed to the state of Israel on the ground that the Messiah has not yet come. "Zealousness," he explained, "is an act performed with fervor when one cannot control himself seeing God's order being desecrated."

"Our children are Jewish as much as theirs are Jewish," said Raziell Tavor, a representative of the secular Ramot residents. "We tried not to wage war. We wrote letters. We talked tenderly. At this time we think our war is not only Ramot's war. It is a struggle for democracy in this country. It has to be a beautiful life, not a bloody one."

Calls It 'Progressive'

Arafat Praises Spain for Mideast Stand

By James M. Markham

MADRID, Sept. 16 (NYT) — Ending a three-day visit to Madrid, Palestinian leader Yasser Arafat yesterday praised the "progressive" stand of the Spanish government on the Middle East, called U.S. ambassador to the United Nations Andrew Young "a good friend" and compared "the unjust and barbaric treatment" of American blacks with the travails of the Palestinians.

Mr. Arafat's stay here, a centerpiece in the Palestine Liberation Organization's concerted effort to win friends and sympathy in Western Europe, ended on an ambiguous diplomatic note.

Instead of a joint communique, the Spanish Foreign Ministry issued a statement which declared simply that Mr. Arafat and a PLO delegation had visited Madrid "in the context of its contacts with European leaders" and had met with Premier Adolfo Suarez and Foreign Minister Marcelino Oreja.

The Foreign Ministry note said that the Spaniards made clear to their guests "the will to continue maintaining and developing the special ties of friendship and cooperation that unite Spain with the Arab world, to the benefit of both peoples, and the support of the latter's just causes, expressing the con-

viction that the desire for peace in the Middle East cannot be reached without a just, overall and lasting solution, based on the principles and resolutions of the United Nations and the Palestinian people's exercise of its inalienable national rights."

A top-ranking Spanish official insisted that the Arafat visit was not an official one and that Spain recognized only states, not movements. Spain does not have diplomatic relations with Israel.

Even though the government conferred no overt recognition on the PLO, at a news conference, Mr. Arafat exuded a mood of triumph, praising King Juan Carlos, Mr. Suarez and the Spanish people and calling them "friends of the Palestinian people and the Palestinian revolution."

Japan Observes 'Aged Day,' 9 Commit Suicide

TOKYO, Sept. 15 (Reuters) — Japan today observed "Respect for the Aged Day" and nine old people killed themselves.

Police said six elderly men, in several cities, with health or money worries committed suicide by hanging. A woman with suspected stomach cancer threw herself in front of a train in Kobe, a man with thrombosis jumped six stories from a building in Fukuoka, and a man was found drowned in the sea off Kanazawa, leaving a note that said: "Lost hope to live."

The day of respect for the aged was held after the publication of official statistics showing that Japan has more than 10 million people older than 65, amounting to 8.9 per cent of the population.

Arafat Mediation

RABAT, Morocco, Sept. 16 (UPI) — Mr. Arafat is trying to mediate the Algerian-Moroccan quarrel over the Sahara, officials of the local PLO office reported today. They said that, after his current visit in Algiers, Mr. Arafat will visit Rabat for talks with King Hassan.

Morocco last week accepted, but Algeria rejected, a Tunisian offer to mediate the dispute. The controversy arises from Algeria's support for nationalist guerrillas fighting Morocco's annexation of the former Spanish Sahara.

Arab Oil Producers To Hold EEC Talks

LONDON, Sept. 16 (Reuters) — Gulf Arab oil producers are to hold talks on economic cooperation with the European Economic Community, probably in November, Kuwait Oil Minister Ali Khalifa al-Sabah said today.

Saeed Ali, who has been representing the Arabs in contacts with the EEC, said the Gulf states were not likely to consider guaranteed oil supplies for the EEC. "But we will look sympathetically into their future oil requirements," he added.



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RENAULT

How the Race Is Run

A weakened America will be led for the next 14 months by an alarmingly weak president. Congress knows it. The Russians know it. The Israelis and Arabs know it. The oil companies and labor unions know it. Does Jimmy Carter understand that fact and know how to deal with it? The signs are not encouraging. Do his political rivals and the rest of us understand the predicament and the risks it carries? We wonder.

The latest Cuban fiasco illustrates the problem. Having finally evolved a measured relationship with Moscow, a president whose domestic flanks were secure could have waited for a better look at some disturbing blips on his radar screen. This president, fearing for his office and for the fate of the strategic arms limitation treaty, fired off a diplomatic challenge before he ever saw the whites of those Soviet soldiers' eyes. The result will be a further diminution of his stature, even if the Russians help to pull him out of the deep, and a further piling on by opportunists of both parties. As Sen. Henry Jackson, D-Wash., and Ronald Reagan have already proved.

The crisis of the U.S. economy provides an even more disturbing illustration. It was not caused by Jimmy Carter. Yet inflation, stagnation and the transfer of U.S. wealth to other nations have all accelerated during his tenure. As Sen. Edward Kennedy, D-Mass., has conceded and as the Republicans have shown, no one else has any better ideas for the near term. But the American public is plainly convinced that more resolute leadership, variously discerned in such figures as Edward Kennedy and John Connally, could sharply improve the prospects for the years ahead. Here, too, Mr. Carter's responses have been petty and enfeebling: Don't blame me for your loss of confidence, blame Vietnam, Watergate, the oil companies, the people's self-indulgence... without my tilting at robber barons, well, hamburgers and heating oil would cost even more.

When weakness drives a president toward impetuosity abroad and to evasion at home

he leaves a people vulnerable to demagoguery, including his own.

The strong way to play a weak hand is to face up to its weakness. A nation that has lost relative power to other nations (and not only the Soviet Union), lost its competitiveness in major areas of world trade, lost its economic independence and enough wealth to require at least a modest decline in its standard of living, will not pull out of the slide without acknowledging it. Someone must be made to pay the costs; preferably everyone and fairly. No one who refuses to define the problems and to summon the people to accept the burdens of solving them should be deemed fit to lead.

Energy, more than anything else, now symbolizes all these difficulties. The cumulative failures of the Johnson, Nixon, Ford and Carter years have sapped the nation of strategic power, wealth and confidence. The American people surely share the blame; they listened too long to leaders who promised them painless remedies. Fifty cents ago at the gas pump, they would have lynched any politician who would have taxed them another fifty cents to buy back some independence and economic health. Now they docilely pay the half dollar — to OPEC. Are we finally ready to face the painful truth? Only daring leaders will ever learn the answer.

With Sen. Kennedy battling Mr. Carter, the president will be hobbled through next spring. Given a bruising battle for the Democratic nomination, Mr. Carter will probably be a crippled leader through November of next year. His most admirable response would be a campaign of honor that values hard truth even more than ambition. And the electorate's best hope is to apply the same standard to all his rivals, rejecting mere charm and blandishment. The U.S. system of government, too, is being tested. The great opportunity of the otherwise dismal year ahead is for some leader to evoke a mandate for tough decisions, which alone will make the presidency worth winning.

THE NEW YORK TIMES.

U.S. Oil Reserve: Empty Vow

If five years of debate over energy has yielded consensus on any issue, it is the need for a reserve against interruptions in foreign oil supplies. For fear of driving up world oil prices, however, the Carter administration has suspended purchases for the emergency storage program. The strategic petroleum reserve, it now appears, may fall victim to the same public indifference that has sunk virtually every worthy energy initiative.

Congress authorized the reserve in 1975 after the Arab oil embargo. The Ford administration set a goal of accumulating 500 million barrels in underground salt domes on the Gulf of Mexico. President Carter raised the ante shortly after his election, calling for a billion-barrel reserve by 1985, with an interim target of 250 million barrels by the end of 1978.

Today the storage sites contain just 91 million barrels — barely 11 days worth of foreign oil at current levels of import. Part of the failure is attributed to construction delays. The job of developing the sites proved far more difficult than expected. But the only present obstacle to timely completion of the reserve is the availability of oil.

The last significant purchases for the reserve were made last fall. Then, during the Iranian crisis, the Energy Department sensibly stopped competing for scarce supplies. It has been reluctant to begin again for fear of tipping the delicate supply balance that has held since midsummer. Officials are review-

ing possible ways to return to the market. But they concede that no one feels any urgency about it.

There is a maddening internal logic to this suspension of the reserve program. If Americans continue to consume oil at current levels, additional oil for the reserve requires additional imports. But imports are already running close to the limits set by President Carter. And if the White House were to violate the quota for such a worthy cause, added U.S. demand could put unwelcome pressure on world oil prices.

The grave weakness in this argument, of course, is its assumption that every American's private thirst for fuel must be quenched before another drop goes into the salt domes. The petroleum reserve, the United States' only protection against another disruption of shipments from the Gulf, has been shunted to the back of the line.

The sort of conservation effort needed to free, say, 100 million barrels a year for the reserve would pinch a little, but not a lot. That amount represents less than 4 percent of present gasoline consumption. By not making the effort, the United States is, in effect, preserving the right of everyone to make five weekly trips to the supermarket now at the risk of not being able to make even a single trip if the world's oil faucet ever sputters again. Some logic.

THE NEW YORK TIMES.

Cynical Argentina

The military regime ruling Argentina has just committed one of the most breathtaking acts of bureaucratic cynicism of any government. It was in the situation of having to explain to its public and to an aroused international community just what has happened to thousands of Argentine citizens, swept up as "terrorists" or "subversives" or simply as political opponents, who have disappeared from the face of the Earth since the Videla government took power three years ago.

So what has the Videla government done? It has issued a decree allowing the government itself to declare all missing persons dead without official explanation. At one stroke it will be able to avoid having to produce either the disappeared people or their remains or any information about them. The only way to slow down this process of making responsibility for the disappeared disappear is — read closely — if, within 90 days, someone can produce evidence that the disappeared person is alive.

Think about that: the relative of a person of whom no trace exists because the government has obliterated all trace of him must find some live trace in a very short period of time without any help from the government. If the relative can't do it, the government will absolve itself of ever having to show any trace of the missing person, and it will prevent all others from looking for a trace. The government justifies the new procedure, incredibly, on humanitarian grounds: to shorten the time in which a disappeared person's family can apply for a pension.

That the Videla government would seek this way out of its political dilemma suggests a measure of depravity, and stupidity, inconsistent with the dignity of the Argentine people. The decree cannot be allowed to stand. The government has surrendered all remaining claims to the respect of decent people.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago
September 17, 1904

ROME — An heir was born to the throne of Italy today. Queen Elena gave birth to a son shortly after taking an automobile drive in the park of Racconigi Castle. The infant prince is said to be very robust and to resemble King Humbert, his grandfather. He has been named Humbert and given the title of prince of Piedmont. A great popular festival took place in Rome this evening to celebrate his birth.

Fifty Years Ago
September 17, 1929

BERLIN — If there is a crisis in the Reichstag in the fall, it is likely to be produced by the question of unemployment insurance. The present Unemployment Insurance Act, passed in 1927, became a menace to the financial stability of Germany last winter. Then the unemployment severity of the winter, which swelled the list of the workless to nearly 2.5 million, drained the national treasury.



To Verb Is Human...

By William Safire

NEW YORK — Have you positioned yourself yet on the issue of verification? Put another way: Have you taken a position yet on the issue of turning nouns, adjectives and the like into verbs?

My revered colleague in columnry, James J. Kilpatrick, author of the classic "The Foxes' Union" and a conservative before that persuasion became de rigueur mortis, was taking me to task recently for abandoning the ramparts on "hopelessly." He added: "Linguistic surgery continues, in the fashion of a sex change, transforming nouns to verbs. Three times in the past 10 days I have encountered 'obsolete,' as in 'The bomber would have obsolete the B-52.' If my brother Safire accepts that excrement, all is lost save honor."

Let's chew that over. When the purpose of turning a thing into an act is trendy brevity, or chic speak, the practice is bad style. A headline writer picks up a few picaresque "plays host to" becomes "to host"; when a gushy host wants to show enthusiasm for a guest, he "enthusiases." People who want to pretend their speaking time is valuable use such headlines as an affectation.

The verifiers become more offensive when they turn a coinage into an instant cliché: "to impact on," rather than "to have an impact"; or "to critique," for "write a critique" (or the more direct "criticize"). But at least the shorteners can claim the advantage of brevity: the abomination is the creation of a wholly unnecessary word. To author "has replaced" "to write" in the vocabulary of those who consider authors more important than writers. (At some opening night of a well-authored play, I intend to leap up, shouting, "Writer! Writer!")

Therefore, I would look askance at (I would "askan") pretentious or unnecessary noun-turnings. "To contracept" is shorter than "to control births" or "to practice contraception," but it should be quickly aborted: "to groundswell," used in politics recently, would give rise to a past tense of "groundswelled" and then to a distortion like "groundswollen," that verb form is better contraindicated.

To other-hand it (formerly "on the other hand"), some new verbs from nouns are blessings, enriching and enlivening our discourse and making meaning more precise. Stephen Potter's "one-upmanship" led to the verb "to one-up," nicely blending "to seize an advantage" with "to patronize." Nobody objects to using "pocketed" instead of "put the money in his pocket"; in the same noun-to-verb way, we carpet the stairs and wallpaper the room. Adjectives can make good verbs, too: If we can sweeten our coffee and blacken a reputation, why can we not obsolete a bomber? Well, there goes honor, too. That reference of my brother Kilpatrick's — "all is lost save honor" — is usually attributed to Napoleon after Waterloo. To show how whole phrases, and not just words, can be happily transmogrified, consider wheeler-dealer Jim Fisk's 1869 quip after a group of political reformers defeated his corrupt Erie ring, but then generously paid the old pols off: "Nothing is lost save honor."

Query

This department is seeking the origin of the term that has seized technocrats by the throat: "state of the art." Sol Steinmetz, editor of the World Book Dictionary at Barnhart Books, has directed me to a definition by Woodford A. Haffin in his U.S. Air Force Dictionary, published in 1956: "the level to which technology and science have at any designated cutoff time been developed to a given industry..." as in

"the airplane's capabilities were determined by the state of the art at the time it went into production." He added that a "state-of-the-art contract" was one that used techniques already known.

Strange that the men of technology and science should choose "the art" to describe their work. Was this coined on the analogy of "state of the Union" by whom? When? While he was at it, Steinmetz straightened me out on "synonyms," which originated in 1975, preceded in 1974 by "syncretism." And in 1972 by "synzyme," or synthetic enzyme. Seems that "syn" — the original syn was the Greek word for "along with" — has recently become a popular combining form. Scientists working in these fields call themselves "chemical syntheists," which is hard to pronounce and causes spelling errors in resumes but is used because they will be damned if they will call themselves synthetic chemists.

Airlines

Why is a stewardess (excuse the sexism — "flight attendant") trained to say, "Mint?" when she offers you what most other people would call a Life Saver? Not because the airlines want to avoid plugging a commercial product. The reason "Life Saver" is taboo is the same as the reason "safety belts" are now called "seat belts": airlines is the language of reassurance, and they don't want anyone reaching for a piece of candy to get the notion that the pilot is preparing to ditch.

The studiously lazy drawl of the pilot (soon to be designated "supreme commander of the flight deck") is part of the orchestration of careful unconcern. Tom Wolfe, in a recent Esquire article on pilot Chuck Yeager, described "a particular folksiness, a particular down-home calmness that is so exaggerated that it begins to parody itself... the voice that tells you, as the airplane is caught in thunderheads and goes bobbing up and down a thousand feet at a single gulp, to check your seat belts because 'it might get a little choppy.'"

This drawl, affected by most pilots, originates in Appalachia: in the mountains of West Virginia, in the coal country, in Lincoln County so far up in the hollows that, as the saying went, they had to pipe in daylight. In the late 1940s and early 1950s, this up-hollow voice drifted down... down, down from the upper reaches of the flying fraternity to all phases of American aviation... it was "Pygmalion" in reverse... pilots from Maine and Massachusetts and the Dakotas and everywhere else began to talk in that poker-hollow West Virginia drawl, or as close to it as they could bend their native accents.

This aw-shucks, flyin'-is-ja-piece-a-cake tone mingles with certain familiar phrases to soothe the overly wary. One such phrase, part of every airline announcement made by every airline employee, with each word bitten off, Brinkley-style, is "at... this... time." Everett Briggs of the U.S. Embassy in Colombia is bothered by "Passengers are requested at this time to observe [sic] the no-smoking sign." (You don't observe a sign, you observe the rule.) "Flight 507 is ready for boarding at this time." Never "now," give an airline employee a microphone, and he becomes a throwback to the train announcer for Jack Benny, reciting with glazed tonsils the schedule for "Anahaim, Azusa and Cucamonga."

This formal informality is designed to soothe by boring. It takes off to fuzziness: "Welcome to the New York area" and "At this time, we are beginning the boarding pro-

cess." And it cruises on euphemism: ask a flight attendant for a barf bag and see what a look you get — not for being nauseated, but for being so uncouth as not to request a motion-sickness container. On the cruise, however, a pretentious new term has been upchucked: the airline-industry verb "to deplane": "Passengers will deplane by the rear door." Never "please leave by the rear door." The fine old verb "debar" has been put out of use.

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High Stakes for U.S. in Turkey

By Andrew Borowiec

ANKARA — The U.S. electronic eye will probably continue its surveillance of the Soviet Union from Turkey. But acute pains seem to be accompanying the birth of a new formal agreement.

The stakes are by no means paltry: the fate of 26 installations that collect an estimated 30 percent of U.S. electronic intelligence from the Soviet Union, as well as the future of the Turkish armed forces as a shield of the southeastern flank of the North Atlantic Treaty Organization.

The negotiations are dominated by Turkish demands for a hefty aid package on the assumption, according to Premier Bulent Ecevit, that "defense and economy are inseparable."

Snags

Both sides doubt that all snags can be eliminated by Oct. 9, when the present temporary agreement expires. But enough progress has been made to allow Turkey to let the U.S. bases operate while further negotiations go on.

— Letters —

Misery in Ulster

In his article "Americans and Ireland" (Herald, Sept. 8-9), Conor Cruise O'Brien overlooked an essential factor of the problem: that with or without outside backing it is impossible to eliminate, or even to effectively paralyze, a terrorist organization — especially one passionately motivated — when its members can rely on active help from a substantial minority and feel morally supported by a large section of their co-nationals. This is obviously the case with IRA and the Ulster Catholics, not to speak of the great majority of Eire's citizens and the Dublin government itself.

Therefore, Mr. O'Brien's implied question: "... be [Sen. Daniel Moynihan, D-N.Y.] means that the will of that [the Protestant] majority is either to be altered through pressure from Britain, or set aside." should be answered by a categorical "yes," for the simple reason that nothing short of Irish unification — and, don't let's forget, this is the IRA's exclusive and unrenounceable aim — will prevent further decades of bloodshed and ruin for Northern Ireland and of an unbearable drain in human life and treasure for Britain.

Moreover, there is no solid reason for Mr. O'Brien's fears that "if a British government... should seek to deliver the undeliverable [i.e., Irish unification], then the green firestorm will be joined by an Orange one and we shall have full-

Iberian Federation Old Idea, New Hope

By Ken Pottinger

LISBON — If things had turned out differently there might be a single Iberian nation here on Europe's heel where Portugal and Spain dwell together uneasily. Although in many ways strikingly different from each other, the two countries have a number of important similarities and common goals that make an objective examination of the Lisbon-Madrid axis seem pretty sensible.

That is one reason that political circles here are watching closely the developing ties between Spain's ruling Union of the Democratic Center (UCD) and Portugal's center-right Democratic Alliance (the electoral pact of the Center Democratic, Social Democratic and Popular Monarchist parties). It is an open secret that the UCD leader, Premier Adolfo Suarez, would be pleased if Portugal's general election Dec. 2 returned a center-right government with a philosophy close to that of his own. For it is well established that sociopolitical events on either side of the border soon make themselves felt in both capitals.

Whether the Portuguese electorate is about to satisfy Suarez's preferences is another question. There is a lamentable lack of sound polling here, but the trends at the moment don't indicate enough of a swing to give the center-right alliance the upper hand. The situation is still fluid enough, however, to encourage the UCD to offer the Democratic Alliance all possible assistance.

Self-Interest

The cynics are claiming that behind this unusual exercise in Iberian political cooperation lies thinly disguised Spanish self-interest. The UCD has committed Spain to a nuclear-power expansion plan in which 10 or 11 plants will be functioning by 1987.

The Portuguese themselves have taken no decision on their own nuclear power needs but protests are growing about the effects on Portuguese vineyards and agricultural production of the nuclear-generated hot water pouring into the main rivers that pass through both countries.

A sympathetic government in Lisbon could ease Madrid's difficulties in this field. Be that as it may — and only time will show whether the cynics are right — a further dimension to bilateral collaboration is the declared intention of both countries to join the Common Market in the next decade.

Although Portuguese national pride prevents Brussels from setting a joint entry date for the two countries (Portugal insists on going first because it threw off dictatorship's shackles first), subsequent economic and industrial cooperation with

Spain could only work to Portugal's benefit.

And whether peninsula-wide decisions on mutual development bilateral projects would lead more formalized political links (tantamount to a question, surrounded by the prejudices of history, the role of nationalism and the tenets of much of the population.

Precedent

The seeds of such an idea sown more than 100 years ago, republicans in both countries can see the torch for Iberian federation the 19th century while royalists on both sides of the frontier facing turbulent times.

There was a feeling then, strongest in leftist Basque circles, that federation would protect the peninsula's cultural minorities — while it happens, concentrate Spain.

But as it turned out, royalist events in post-Napoleonic Europe, colonial rivalry between imperial powers and the press of the ancient British-Portuguese alliance against Spain combine to suppress liberal republican ideologues.

Today, however, all of these forces have disappeared and Western Europe has new alignments, sharply concentrated on the Common Market. It is to this century's federal idea being cautiously and, for moment, purely intellectually examined.

Although the execution of ideas would doubtless be hide complicated, they do have a certain logic.

Model

A grossly oversimplified model might be as follows: formation of a new federation based on a new set of Portuguese islands (Madeira the Azores), mainland Portugal, British-ruled Gibraltar, the Spanish Islands and the five regions of Spain.

An Iberian federation of kind would have to be flexible enough to take account of regional tensions, cultural and historical differences and unequal economic development in the area. But, as an ardent federalist, I ed out, Gibraltar had similar terms in Italy.

In official circles the federal idea would be dismissed as a utopian. But the tentative first steps towards political cooperation taken by the UCD and Democratic Alliance may gain momentum light of Common Market intentions.

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The bases — or Common Defense installations (CDI), as diplomats prefer to call them — were reactivated last October following the lifting of the U.S. arms embargo stemming from Turkey's military intervention in Cyprus.

The view of the Turkish negotiators is that the Ecevit government has taken a big political risk by authorizing the reopening of the bases. Consequently, the Turks want the Americans to show their appreciation by meeting Turkish demands.

And here the problem is out of the hands of U.S. negotiators. Turkey is thinking in terms of a huge influx of cash — upward of \$3 billion. The United States repudiated the day of big military grants is over, at least as far as Congress is concerned.

The U.S. team is trying to persuade the Turkish negotiators to scale far a more realistic figure: \$300 million a year for the next four to five years. Even that will be hard to sell to Congress.

And there is the question of the

need to revitalize the vast Turkish military machine. It is becoming obsolete every day. Here, too, the two sides differ: key wants an "annex clause" would refer to "force modernization," but Congress-conscious negotiators speak merely of "improvement." It is more than a question of money.

U.S. concern about continuing the Turkish bases is obvious, particularly in view of Iraq's collapse potential and the talk of a military intervention in the Gulf. So far, however, the only combat force in Turkey consists of an air squadron with a nuclear strike capability at the Lik base near Adana.

Turkey appears worried that United States might want to use bases in the event of a military escalation in the Gulf oil fields. Consequently, they want to tie the negotiations to "NATO commitment."

Nuclear Tests

Strategically, the most important facilities are long-range radar seismographic stations — in that keep track of Soviet nuclear tests. In all electronic surveillance based in Turkey and manned by 5,000 U.S. servicemen, could Soviet activities at the odorous near Leningrad, the anti-testing ground at Semipalatinsk, the missile launching center at Pustyn Yar.

Facilities in Turkey also permit the United States to monitor Soviet ships moving from the Black Sea, the Mediterranean.

And, of course, there is the question of U-2 spy plane overflight. Soviet compliance with SALT-2. This facility appears has not come up in the U.S.-Turkish talks, but both are very aware of it.

F.C. BRANTER.

Geneva.

Hong Kong

Setting the Pace for Modernization in Asia

Launching Pad for Mainland Trade

By David Bonavia

HONG KONG (IHT) — Hong Kong is rapidly turning into a launching pad for the nation drive being pushed across the border in China. Viewed mainly as a port market and major foreign exchange for 400-square-mile British colony is becoming an opus for thousands of overseas Chinese businessmen in the China rather than offering goods many of these are hoping to obtain from the Chinese government. build factories, hotels and facilities. for Japanese luxury goods as color television sets and recorders, are catching tremendous demand for luxuries in consumption. Whereas most China have the foreign currency such items, many have relatives in Hong Kong will take them into their hands. First Chinese newspaper is acting as the agent to be placed on the shelves and in the months travelers report seeing verticements for American on the otherwise of Shanghai and Can-

ales Fever

mini out that very few could have access cigarettes, which can be with hard currency. with Coca-Cola, now some major Chinese overseas visitors. It seems authorities are simply enage of the sales fever and Japanese com- will be trying anything to open up a market. Light being flashed to businessmen and investors is seen as the brain- trusty Premier Deng the Deng's admiration of capitalist busi- is well-known, and boosted further during the United States in

Chinese market for im- and soft drinks. history, there is all about the need for use of Western capital, management and mar- Without these, says to bring about the for modernizations — industry, science and defense — will not with success by the tar- 1980. A, China has tended to industrial technology and advice on the best management system to go. it seems they have de- technology and business go hand in hand, and to learn both.

Expertise

ty coincidence for Chi- Kong, one of the ic laissez-faire econo- capitalist world, lies he doorstep. In this community of some redundancy Chinese e are experts on every ade and finance, and of up-to-date industrial dial know-how. and cultural barriers ng Kong and the main- land. Although most Hong Kong are Can- ing there are plenty so work in Mandarin micate perfectly with of the People's Repub-

some 100 small-to-me- facturing and process- re being set up with firm Hong Kong and anese businessmen in dunity of Shenzhen, en- visitors traveling to l. Moves are also aot more closely the power ng Kong and China. A ago, one of Hong big franchised power egan selling electricity is possibility of supple- with a nuclear power n raised many times. proposals for China to its plentiful coal to

By Harvey Stockwin

HONG KONG (IHT) — British Prime Minister Margaret Thatcher will soon be making a decision of importance for Hong Kong's nearly 5 million inhabitants. She will have to decide who is going to be the next governor. It is no longer a question of selecting a suitable figure to run a colonial outpost. The prime minister cannot choose a personality adept at handling over power to the local elite as a pretense to independence — as have most colonial governors during the last 30 years.

It tells a lot about Hong Kong's situation to calculate the qualities that its governor requires. What Mrs. Thatcher should be looking for is someone capable of presiding over, and guiding, a complex and dynamic economy which is one of the pacesetters in East Asia's push toward modernization; with the imagination to perceive social tensions and economic discon-

Three new aviation routes to China have been opened up in the past year, with Trident of the Civil Aviation Administration of China (CAAC) flying regularly to Canton, Hangzhou, and Changsha. A through-train service from downtown Hong Kong to Canton has been started, obviating the need for a long wait at the border, where passengers used to have to change trains. Also, hydrofoils now ply regularly up the Pearl River to the provincial capital.

Relations between the British-controlled Hong Kong government and the authorities in the People's Republic have never been better, and Hong Kong's governor, Sir Murray MacLehose, recently paid a historic visit to Peking, where he met with Mr. Deng.

Upstream in the governor's mind was the problem of immigration from China into Hong Kong — both legal and illegal. Gossiped with the continued arrival of refugees from Vietnam, the numbers coming from China have often topped 1,000 a day this year, and have only recently been curbed somewhat by tighter controls on both sides of the border.

At least the additions to the local work force have helped keep down wage rates, and saved Hong Kong's manufacturing industries from losing their cutting edge in export markets. If and when the colony reverts to China, it will bring back a skilled and experienced labor force. In the meantime, Hong Kong investors are being allowed access to the low-wage work force available everywhere in China.

Other Names

Other names consist of political loyalists, reminders that for some Britons the governorship remains a prize piece of political patronage. Neither China nor Hong Kong would be amused if a political hack were to get the job. China does not want to worry about Hong Kong, and Hong Kong does not want to worry about its governor.

With a deep understanding of, and intuitive feel for, all things Chinese, capable of getting on well with the present leaders and government of China, with whom he may have direct dealings. He should also be a personality of whom the Chinese leadership approves since their unspoken consent is a key factor in Hong Kong's

stability. Capable when necessary of playing a political role on the southeast Asian scene. Capable of representing Hong Kong's interests strongly to London, and capable of resisting British pressure for its interests, at Hong Kong's expense. Who is a leader, as well as a diplomat.

This is only a partial list, but already it is a tall order. The required qualities indicate that the governorship is a job of power and influence, as Hong Kong becomes increasingly important on the Asian scene, despite the fact (and also because of it) that the colony can never aspire to independent nationhood.

Dead Era

The power and the importance stem from the fact that Hong Kong's fast-rising gross national product is already more substantial than several numerically larger nations in the Third World. Hong Kong ranks high on the list of the world trading nations. Like its sister city-state, Singapore, it is an economic "spark plug" for regional developments. Hong Kong is both China's window on the world — and the world's access point to China. It is a major shippingway, as well as shipping, center. Hong Kong's role as a major financial center is well illustrated by the Hong Kong and Shanghai bank's takeover of a major U.S. bank. (All these facets are explored in other articles in this supplement.)

At the same time, the toughness of the top spot in the Hong Kong hierarchy is illustrated if it is remembered that Hong Kong is an anachronism and anomaly, an irony and a contradiction all rolled into one.

The era of Western dominance in Asia, and of the British empire, is dead. But Hong Kong has no immediate choice between remaining a British crown colony and being reabsorbed into China. On Chinese maps, and in Peking's presentations to the United Nations, Hong Kong's political status is made very clear — "Chinese territory under temporary British administration."

But "temporary" status looks like existing for a good many years yet. This is because while Britain, the colonial power, has made it very clear elsewhere that it will end its colonialism wherever possible, China, an anti-colonial power, has made it very clear that it does not seek such a termination for Hong Kong at the present time. Hong Kong is one of the best remaining



Hong Kong harbor, with the New Territories and the Kowloon Peninsula in the distance

examples of a true-blue capitalist society, in which the proxies of the world's largest Communist power play the game by the capitalist rules.

One certainty is that there are no Chinese names on Mrs. Thatcher's short list, even though there are some distinguished Hong Kong Chinese capable of doing the job. The blunt reality is that neither now, nor in the future, would China want a Chinese governor. Peking welcomes Hong Kong's role as a spur to China's economic development. It will never welcome Hong Kong acting as a spur to Cantonese disaffection, or southern China's centrifugal pulls. A Chinese governor would be seen as a likely step in an unacceptable direction. Residual Hong Kong speculation centers on the (faint) possibility that Mrs. Thatcher might appoint a political "disloyal-

ist" (from her viewpoint), former Prime Minister Edward Heath.

China would privately welcome his appointment, and as a politician, Mr. Heath might be more adept at running Hong Kong in the 1980s than a trained diplomat would be. A figure of stature will be required, when the question of the lease on the new territories has to be tackled. This is the issue that arises because Britain in a fit of absent-mindedness agreed to a time limit on its colonial control. Hong Kong island was ceded by China "in perpetuity." Kowloon's cession was not not even limited to perpetuity. But the new territories — without which Hong Kong could not function — were acquired on a 99-year lease which runs out in 1997.

Mr. Heath would probably view the governorship with the same disdain as he refused to be ambassador in Washington. Mrs. Thatcher

would probably not make the offer in the first place just in case he accepted. But the speculation about Mr. Heath emphasizes two strands in Hong Kong's political complexity. China would welcome Mr. Heath because of his strong anti-

Soviet stances. One Chinese condition attached to continued British rule in Hong Kong is that the Russians be kept out of China's back door. Consequently, Moscow is de-

(Continued on Page 125)

Influx of New Banks Aids Diversification

By Leo Goodstadt

HONG KONG (IHT) — With a bank branch for every 3,150 residents, Hong Kong has become a major center for international banking, and the pressure from foreign banks to obtain licenses has been intense. The total number of banks operating in Hong Kong has grown from 74 at the end of 1977 to 103 today, with another 12 to open branches shortly. The government has now imposed a temporary moratorium on new bank licenses.

With the influx of new banks, the premier local establishment, the Hong Kong and Shanghai Banking Corporation, has gone after alternative markets in the United States through a bid for the ailing Marine Midland Bank. The takeover encountered brisk opposition from the banking commissioner of New York State.

Still determined to diversify, the Hong Kong and Shanghai Bank dropped its application for a New York State license in June this year. Instead, it raised its price from \$262 million to \$304 million to keep the American shareholders happy.

A national charter has been sought for the Marine Midland, and the controller of the currency has been asked to approve the takeover on the revised terms. The Hong Kong Shanghai Bank has its fingers crossed that the deal will be completed by December 1980.

Some opposition to the Hong Kong and Shanghai Bank in New York allegedly stems from resentment felt by American bankers. There are 14 U.S. banks operating branches in the Crown Colony. A number of these complain bitterly about the interbank market and the substantial premium which foreign banks have to pay to get funds. Over the last two years, interbank rates have exceeded charges on ordinary commercial borrowings.

Borrowing

The local scene is peculiar for American banks. Several have called for better access to the government's deposits, which are a major source of local bank funds. Foreign banks, in general, have no difficulty in adjusting to an economy where public borrowing is eschewed, and substantial budget surpluses are run up by the government each year.

The real paradox is the interest-rate structure. American banks want an end to what they regard as market-rigging on inter-bank lend-

ing, and more competition on these rates. However, in raising deposits from the public, most U.S. banks are loyal to an interest-rate cartel which openly seeks to minimize bank competition. The Crown Colony sees the cartel as a useful barrier against cut-throat battles for deposits which caused a bank run in 1965.

The split between American and local bankers is downplayed by many observers, who point out that the Hong Kong and Shanghai Bank is not the only target for American criticism. The bank enjoys the most prestigious form of advertising: the right to print its own banknotes. But these official privileges are shared by the Chartered Bank, whose parent, Standard-Chartered, took over Union Bank of California very smoothly this year. The Chartered Bank in turn proves that official status is no defense against market forces.

The Hang Seng Bank almost closed its door in the 1965 banking crisis. Today, it is Hong Kong's second biggest bank at Chartered's expense. Expansion came from robust development of Hang Seng's Chinese characteristics as foreign banks struggled for a foothold in the market.

Also convincing is the success story of Manufacturers Hanover against all-comers local and international. The one significant public borrower in the Crown Colony is the mass transit corporation. The first stretch of the underground railway starts operations on September 30. Manufacturers Hanover organized a syndicate to furnish \$600 million in credit facilities for the construction costs. These funds represent 55 percent of all bank loans extended to the underground.

The unique nature of Hong Kong's banking industry is highlighted by the active role played by Peking in the market. The Chinese government owns or controls 13 banks in the Crown Colony. These are grouped around the Bank of China, which is responsible for all Peking's external banking transactions.

China's banking network in the Crown Colony is its biggest single source of foreign exchange. The annual outtake from Hong Kong in hard currency is estimated at around \$5 billion. The business of drawing these funds into Peking's network in Hong Kong and converting surplus deposits into hard currencies involves considerable professional expertise.

Maritime Center Is Active Despite Shipping Slump

By George Lauriar

HONG KONG (IHT) — Hong Kong is the world's most important maritime center west of Tokyo and east of London. A simple statement describing a complex and intense society of shipowners, chandlers, brokers, container operators, marine insurers, shipbuilders and ship breakers that line the shore of the region's finest harbor.

The shipowners of Hong Kong control tonnage in excess of 20 million dwt (this must be a record of sorts for a colony with an area of only 400 square miles) and range from giants such as Sir Yue Kung Pao (10 million dwt) and C.Y. Tung, shipowners that often share a desk in western district and skittle their assets at the best opportunity. Other shipowners such as Jardines and Swire are left over from the days of the opium clippers and tea traders actively pursue the traditional liner trade which connects Hong Kong with Europe.

Ominous Forecasts

The shipping slump which followed the 1973 Arab oil embargo had less effect on Hong Kong owners than their European and American counterparts, but by 1977 it forced the larger Hong Kong owners to sever their connections with the traditional Japanese charterers following the near collapse of Japan Line. The owners then began making numerous purchases of European secondhand vessels from European owners that had suffered badly from the shipping slump. Again, the Hong Kong owners relied largely on charter-back deals whenever possible, but times had changed and there was some resentment over the Hong Kong invasion of the European market.

Shipping in Hong Kong during 1978-79 began to improve despite the ominous forecasts of a depression in trade due to a reduction in textile exports to the United States and Europe. The improvement was largely the result of an increase in

the export of electronic, and other medium-to-high technology goods, and the opening up of the China. Last year, 9,436 ships entered Hong Kong and 9,396 ships cleared, accounting for 18,999,101 tons of cargo discharged and 6,716,634 tons loaded. The figure for the first five months of this year are about 7 percent higher.

Predictably, there was a large growth in the container trade as the Kwai Chung terminal which comprises sea land, modern terminals and Hong Kong international terminals accounted for 613,068 (20-foot equivalents) inbound and 613,188 outbound, making it the largest container terminal in the region. The terminal serves three

different trades; it acts as a consolidation point for regional cargoes, it serves Hong Kong and finally it acts as entry point for cargoes coming in and out of South China. This latter role should increase significantly as China moves into containerization, with Hong Kong acting as a point of consolidation for large numbers of China bound containers.

Hong Kong ship brokers benefited strongly in the dismal markets of 1978-79, from the Hong Kong purchases of secondhand ships by China. Peking's China Merchant Steam Navigation and its comrade organizations in Hong Kong and Miao accounted for around 85 of the 140 ships purchased by the Chi-

nese during 1978. At one point, 10 to 12 brokers a day were knocking on China Merchant Steam Navigation's door trying to make mainly cash deals. During the first 9 months of 1979 the pace had slowed down with only 32 purchases funneled through Hong Kong to China.

Obvious Benefit

The ships are frequently registered in Panama but brokers do not know until the final papers are signed whether a ship will operate under a flag of convenience for a Hong Kong company or, will be incorporated into the mainland's fleet.

Another obvious benefit of the

buying spree by China has been the outfitting of Chinese ships by local shipyards. Hong Kong united dockyard in particular has benefited from survey and repair work on Chinese ships. China merchant steam navigation itself has recently entered into the ship repair business in Hong Kong as Yui Lai Machinery, a company closely connected with Peking, has built a \$20-million repair yard on Hong Kong's Tsing Yi Island, which is expected to cater to 200 ships a year.

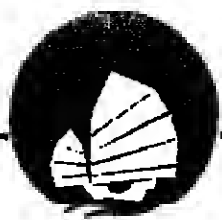
China Merchant Steam Navigation has also entered into a ship repair and breaking facility in Shenzhen, China. This is the first joint venture of its kind in China. The increased use of Hong Kong for ship repairs and surveys is the result of China trying to farm out the routine work to allow its own shipyards more time to build vessels.

Hong Kong based shipping firms have been extremely successful in offering specialized maritime skills to China. The most significant deal was an agreement between East Asiatic Co., through its Hong Kong office with COSCO (China Ocean Shipping Corp.) to help update the Chinese in modern shipping management. More recently, multinational maritime has signed a container-leasing agreement with China Ocean Shipping Agency, with Shanghai being the initial depot for the project. Another Hong Kong company, MacGregor, has agreed with COSCO to establish facilities in Shanghai and Kwangchow for the supply of spare parts to both foreign and Chinese vessels.

The Hong Kong shipping market should even become more complex in the immediate future. With the movement of offshore oil drilling in South China, rigs will soon be operating that will require surveys, spare parts, and service vessels. It is unlikely that China will be able to service these needs herself and Hong Kong will probably add this activity to the already bustling maritime society.



The sprawling container terminal at Kwai Chung on Kowloon



Hong Kong Fails to Crack the Huge Japanese Export Market

By Mary Lee

HONG KONG (IHT) — On the last Monday of each August, Hong Kong celebrates liberation day to commemorate the end of Japanese occupation during World War II. In the preceding fortnight, retired ex-prisoners of war fill the letters-to-the-editor columns in the two main English-language dailies with maudlin accounts of their terrible suffering. These always end with demands for larger pecuniary recognition from the British administration here of their valiant defense of the colony against the Japanese advance. The irony of this public lugubriosity about those bad old days escapes the expatriate British community.

The Chinese do not participate in the celebrations. Hong Kong's liberation day is little more than a colonial convenience set to coincide with the August bank holiday in Britain. The irony takes on a sharper edge these days since Hong Kong's economy badly needs Japanese support to correct its \$2 billion trade deficit with Japan.

Delegation

Last November, a top-level trade delegation led by the governor, Sir Murray Maclehoose, was dispatched to Tokyo to "propose to the Japanese government and industrial leaders a new direction for the future development of economic ties"

between the colony and Asia's industrial giant. Despite the delegation's lack of economic clout — Hong Kong is hardly in the position to threaten the Japanese with trade sanctions — it managed to avoid a cap-in-hand stance.

Sir Murray pointed out to the politicians and businessmen in Tokyo that the far better performance of South Korean and Taiwanese exports to Japan, and the higher level of Japanese investment in those countries, showed a definite link between sales and economic involvement. "We very much hope that there will be more direct involvement by Japan in Hong Kong industry," the governor told his distinguished audience.

The main question — why Hong Kong exporters had so far failed to penetrate the Japanese market — was never answered. Hong Kong products took up less than 1 percent of total Japanese imports last year, and one-third consisted of non-manufactured goods such as fish products and scrap metal. The biggest export items — clothing, textiles, and radios — evidently did not attract much interest. On the other hand, Hong Kong-made or assembled watches — a line into which the Japanese had invested some \$7 million — fared much better, adding some weight to the governor's sales-investment link argument.

Correcting the imbalance of trade between Japan and Hong Kong will be the task of the Japan-Hong Kong business cooperation committee, set up after the delegation's visit. The Hong Kong side sees this realistically as a very long haul. "We do not expect quick results, but we have to be hopeful," a member of the delegation said. "The alternative is bad, but we haven't any grounds to be optimistic." Hong Kong business leaders see the difficulty of penetrating the Japanese market with a great deal of objectivity. They agreed that local manufacturers were at fault for not researching the Japanese market, assuming rather disastrously that it was similar to the American and European markets. The market very seldom develops to fit the product, the Japanese, quite rightly, maintain. If it does, the Japanese will start producing it.

Particularly irksome to Hong Kong manufacturers is the "discrimination" they suffer under the generalized system of preferences the Japanese introduced in 1971. Under this system, seven items which are produced in great quantities here are excluded from "preferences": travel goods, leather footwear, artificial flowers, gold and silver jewelry, imitation jewelry, glass beads and imitation pearls and toys other than dolls. The Trade Development Council here maintains that "it is difficult to see

any justification in the continuation of this discrimination. The effect of the exclusion has been to divert trade away from Hong Kong to other sources.

Selling more to Japan, nevertheless, seems less difficult than attracting Japanese investors to Hong Kong. Much to the frustration of local officials here, the Japanese are preoccupied with the future of Hong Kong in relation to China and the New Territories Lease, which expires in 1997. During its November visit to Tokyo, the Hong Kong package of attractions was rather thinly bound with "assurances" that the colony's relationship with China was improving by leaps and bounds, particularly after the governor's successful spring visit to the mainland, which extracted the request from senior vice-premier Deng Xiaoping that Peking wanted investors' hearts to be put at ease (about the colony).

Japan has also played a major role in Hong Kong's construction and engineering industry. Six Japanese firms have between them 29 percent of the phase one mass transit railway contracts valued at about \$1.2 million. Japan is also the biggest foreign contractor in the MTR's Tsuen Wan extension, after which come British, West German, French, Swedish and American contractors. The Hong Kong shipping and ship building industry is

the other area which has close dealings with the Japanese.

Hong Kong's pragmatic approach to the China question — that just because "we will all die one day doesn't mean we shouldn't try to make the most of life now" — is not shared by Japanese industrialists whose sophisticated capital investment requires more than 15 years to amortize. There are already some 100 Japanese companies

here with a total investment of about \$85 million, amounting to 19 percent of total foreign investment in Hong Kong. Japan is the second largest investor in manufacturing industries, after the United States. The money is in textiles (\$23 million), electronics (\$14 million), printing and publishing (\$11 million), electrical products (\$10 million), watches, clocks and accessories (\$7 million), chemicals (\$5

million), metal products (\$4.5 million) and metal rolling and extrusion (\$4.5 million). Following Japan's example, Hong Kong industrialized as one collective copying machine operated by cheap labor. Like Japan, Hong Kong, too, is finding cheap labor a rapidly diminishing resource. However, manufacturing industry here still has a long way to go before it can throw up interna-

tional household names like Seiko. Hong Kong is in need of industrial investment, a higher technology base, transfer of technology from its much sought after. The work is already being laid for projects which Japanese firms keen to set up, including producing cameras, copying machines and assembling of film projectors.

Rural Serenity and Glimpses of Old China

By I.M. Taylor

HONG KONG (IHT) — Last year just over 2 million tourists arrived in Hong Kong. Nearly half a million of them were Japanese and half as many as that from Western Europe. American and Canadian visitors totaled around 300,000.

It is a safe bet that the image carried away by most of that 2 million was that of a supercrowded, urban density with its constantly rising skyline, made more photogenic by the close proximity of the busy harbor.

That is only part of the picture. Few visitors realize that they can also find rural serenity in Hong Kong, plus glimpses of life as it once was in China.

For a start, there are the New

Territories where hikes over the hills are possible, and where the government has opened up the MacLehose trail for bikers, named after the present governor. There are several walled villages where Chinese clans cling to their traditional ways. But the New Territories are also only part of the story.

Many Islands

The colony of Hong Kong does not consist of just one island, Victoria plus Kowloon and the New Territories. Like Singapore, Hong Kong is surrounded by islands. In the case of Singapore, most of the islands belong to Indonesia. Hong Kong includes none less than 263 islands within its boundaries, with just a fraction of them being, as yet, inhabited.

The islands stretch in all directions: toward the Pearl River Estuary in the west, out toward the South China Sea, and along the east coast of the new territories. Beyond them are more islands belonging to China. The perspective which emerges is that Hong Kong, too, is part of the great Archipelago stretching from the Soviet Far East and Japan, south to the Philippines, Indonesia, the Pacific and Indian Oceans.

Most visitors only see this array of islands briefly as they come in to land at Kai Tak Airport, but an efficient ferry service keeps all the major islands in touch with life of the city, while allowing island residents to be away from the hustle and bustle. In complete contrast, the island villages enjoy a way of life that has long since disappeared in the urban heart of the colony.

The Hong Kong Travel Association provides a few island-hopping cruises for visitors, but regular ferries can be taken from the outlying

districts pier to Silvermine Bay and Tai O on Lantau to Peng Chau, Cheung Chau, and Lamma Islands.

Even more remote islands lying close to China in Mui Bay are also (less regularly) served by commercial ferries. On visits to these islands it is necessary to carry your passport or identity card since the islands are the target of the "freedom swimmers" from China — those illegal immigrants who get to Hong Kong if the sharks in Mui Bay do not get them first.

Ping Chau Island in Mui Bay lies closest to China but nowadays has few inhabitants. Kap O Chau (Crooked Island) is a fishing village, and is ringed by hills which, once climbed, provide some fine views of the sea and the Chinese mainland beyond.

But the most scenic island is unquestionably Lantau, which, at 75 square miles, is more than twice the size of Victoria Island. Most tourists only see Lantau as they pass by on jetfoil or hydrofoil on their way to the gambling casinos of the neighboring Portuguese colony of Macau, but Lantau itself offers remote beaches, temples, monasteries (one Trappist as well as the Buddhist ones), mountain peaks and picturesque walks.

The southern part of Lantau has paved roads, a good bus service and some interesting restaurants, including one run by an overseas Chinese who learned French cuisine in Paris but preferred to settle in Lantau.

Question Mark

Northern Lantau is a question mark. A possibility is that it will be designated an industrial area as Hong Kong entrepreneurs run out of land elsewhere. This could fit into the plan to create a larger air-

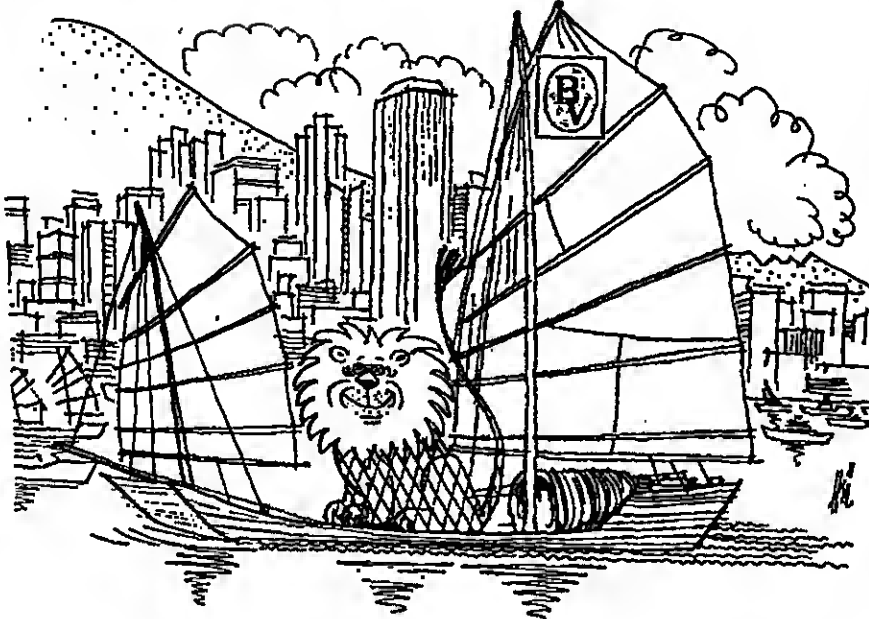
port than Kai Tak whose wing is already near to the limit of its capacity. The new airport will be built on Chek Lap Kok just north of Lantau.

If this comes about, the project will provide some spectacular man-made scenery to goggle at, one or two major "vision" bridges would be built across two intervening islands between Kowloon and Lantau, up with the colony's overland rail system. A major new way would have to be built northward, as no road there at present, to reach Chek Lap Kok which will be leveled airport. Environmentalists are likely to protest if such plans proceed through, but Lantau is beautiful enough to make the needs of modernity and a sanctuary away from it all.

Lantau Island, which is closer to Hong Kong, is also named with "progress." The two main villages in the northern part of the island while the southern part is a reserve. A high power station now being built on Lantau will make the island less than

Cheung Chau (Long Island) more inhabitants than either Lantau or Lamma and combines with views of a Chinese village. No vehicular traffic except for an antique diesel engine. The harbor contains of all shapes and sizes. Build Cheung Chau are limited to 80 bedrooms is now being. Soon Cheung Chau visitors able to look out of their rooms across seven miles of sea and see a distant Hong Kong, often does up close.

HONG KONG AHOY! for the BV Lion



BV's next port of call — Hong Kong.
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Vietnamese Refugee Problem

By Anthony Lawrence

HONG KONG (IHT) — Hong Kong regards the boat refugees from Vietnam as a major headache. The numbers are now approaching the 70,000 mark. This is not an impossible burden for a prosperous colony of 5,000,000 with virtually no unemployment. But Hong Kong authorities are concerned that enormous numbers of ethnic Chinese still in Vietnam may be due for expulsion or flight in the coming months. This could seriously affect the colony's social services and living accommodation.

The Hong Kong government is also worried that, despite the pledges made at the Geneva conference in July, the rate of resettlement of refugees from Hong Kong to Western countries is unacceptably slow. And contrary to their unofficial undertaking at Geneva, the Vietnamese authorities appear not to have turned off the refugee tap. For every hundred refugees leaving Hong Kong for new homes in the West, another hundred appear in Hong Kong waters, sometimes in leaking fishing boats, sometimes in the foreign freighters that have picked them up from the South China Sea.

Local attitudes toward the newcomers vary. Many have openly voiced the view that Hong Kong should not accept the refugees. Earlier this year a leading Chinese businesswoman, Lydia Dunn, said that Hong Kong would be swamped by a human flood if refugees were to be welcomed. Refugee boats should be towed out to sea again, she said, even if they had to be finally accepted. This would at least make it clear to the world that Hong Kong was not going to be exploited.

Humanitarian View

But an attitude shared by voluntary agencies and some Europeans in the colony has been that Hong Kong must accept refugees on humanitarian grounds. Hong Kong, they say, is the end of the line, the last hope on the journey north. Refugee boats, if towed away, must certainly be lost. Thousands are believed to have sunk already on the way up from Vietnam.

In the event, the Hong Kong government has developed a spartan policy that, at least, ensures basic health and living conditions. "Unlike some other countries of first refuge," a government social worker said, "we do at least send refugees to the hospital if they fall ill."

Hong Kong has opened 14 camps for the refugees. Of these, four are run on behalf of the United Nations High Commissioner for Refugees by voluntary organizations, and the rest are run by the government. The UNHCR, which has representatives in Hong Kong, recently accepted complete financial responsibility for all the



camp. But the Hong Kong government is quick to point out that it has had to shoulder costs amounting to more than \$13 million for the first half of this year.

Refugees quartered in government-controlled camps are not allowed out. Those in camps run by voluntary agencies can not only leave camp when they wish, but are also actively encouraged to seek work to help pay for their keep and save for the future. This policy will be extended to more camps as voluntary agencies are able to take over supervision. So far it is estimated that about 6,000 refugees are working in Hong Kong factories.

And, as about 70 percent of the refugees are ethnic Chinese (their families settled in Vietnam many generations ago), they can sometimes find jobs easily enough in a Chinese community like Hong Kong.

Skills Welcome

If they can speak the local Cantonese language and are skilled workers, they are welcomed by local employers. This is because in recent years, Hong Kong has suffered a chronic labor shortage. But in many cases, language difficulty and inexperience in factory work mean that the refugees run a greater risk

of accidents and are paid less than local people. And some employers say refugees are of doubtful value because they may leave at any time for another country. For whole, problems caused by refugees so far have been less than could have been expected. There have been some reports of boring housing-estate dwellers who say that over the years the boredom of life in camps.

The major complaint Hong Kong government is that refugees are being moved out of the colony more slowly than other southeast Asian countries that have given the refugees less humane treatment.

Since the beginning of the year, only 9,500 refugees had been resettled from Hong Kong. It is unlikely that more than 16,000 will have moved on by the end of the year, and next year's location is uncertain.

Representatives of Hong Kong major churches and agencies are touring Western countries, asking them to take Vietnamese refugees from Hong Kong.

هكذا من الامم



Where Every Man Looks Forward to Becoming His Own Boss

Anthony Lawrence

HONG KONG (IHT) — Although Hong Kong is a British colony, most of the people don't know what a colony is. They have little contact with the British, and they provide the law and order. The number of Europeans is less than four and a half million Hong Kong

of the Chinese in Hong Kong. They are interested in business. These are the Chinese of the mainland provinces, Guangdong, immediately Hong Kong. They are in an unremitting struggle for security, adequate education for the children, and the fulfillment of the traditional longing for success and descendants who will be able to support them.

the accepted language of the Guangdong people, is Cantonese. They are a people of the province people. These from the Cantonese have their own dialect and cannot follow, and

they are known in Hong Kong for their tough clannishness. Hong Kong also is the home of smaller Chinese groups whose origins lie outside Guangdong. These include the Hakka people (Hakka means guest or stranger), who are believed to have journeyed down from North China in past centuries and settled in various central and southern provinces, some reaching Hong Kong to live as fishermen and farmers. Hakka women are noticeable in the vegetable fields and on building jobs by the black cloth dresses hanging from their big straw hats.

A more sophisticated addition to Hong Kong life came with the immigrants from Shanghai, the great city port of Central China. Many of these arrived after the Communist take-over of Shanghai in 1949. They included big textile industrialists and their modern machinery — some of it diverted to Hong Kong on freighters originally bound for Shanghai — were a big factor in the growth of Hong Kong's textile and garment industry. To the local Cantonese, the Shanghai newcomers were the big-mouthed city slicker who needed taking down a few pegs. To the Shanghai businessman, Hong Kong seemed a small provincial town. These attitudes have been modified by the years. The Shanghaiese, of whom there are about a quarter of a million, have made important contributions to Hong Kong. They and the Cantonese have produced the Hong Kong businessman, the man with

If a man can't grow rich himself, he'll pin his hopes on his children. There's enormous pressure to get children into good schools and force them through examinations. Children start learning their Chinese characters at the age of three and four. Southern Chinese — and that means most Hong Kong people — are known as intense individualists.

initiative in looking for new customers and satisfying them, who's ready to take a chance and leap on any bandwagon that looks promising.

The Shanghai immigrants were only a small part of the vast army of mainland fugitives flooding in to Hong Kong at the end of the forties. Some came from the cities, some from the land. They came by hundreds of thousands, completely swamping the postwar British administration. They lived in the streets, in flimsy hillside shelters

that still form today's squatter colonies. They were undemanding. Their common aim was, simply, survival.

They were the human raw material that fueled Hong Kong's developing prosperity. They worked long hours in the new factories and started workshops and small businesses. Some prospered and became millionaires. Some entered the rapidly-expanding professions. Most married Hong Kong's industries as skilled and unskilled workers.

This is still the human pattern of Hong Kong today, though wages and expectations have both risen. The great mainstay of the textile and garment industries are the Hong Kong work-girls, whose fingers are said to be the most dextrous in the Far East.

Because Hong Kong has developed so fast, striking differences of background still persist between the families who lived in Hong Kong in early times, long before the British took over in 1842, and

those who arrived in the later waves of migration to swell the city areas.

Out in the new territories, the rural area stretching up to the border with mainland China, histories and ancestral tablets of ancient clans are still preserved in village halls. Ancient festivals neglected by the city-folk received big financial support by farmers and fishing communities.

But along the shores of Hong Kong harbor, where most of the people live, it's a land of factory workers packed into limited ac-

commodation — one of the highest human densities per acre in the world. This congested living, whether in private tenements, in government housing blocks, or in illegal squatter colonies on the hill-sides near factories, has wrought big changes in human attitudes.

Break Down

The old family structure is breaking down. Young married couples have less space — and less desire — to accommodate aging parents, and the Hong Kong government is having to care for the needs of the aged with pensions and other benefits. Crime in housing estates causes many parents to keep smaller children shut in for fear of kidnapping or gang violence. Most families watch television and there's a far greater knowledge (than ever before) of luxurious living in the West. This is thought to have led to increased crime among discontented young men. One of the black spots on the Hong Kong scene is the activity of "triads" (secret societies) that live by protection rackets and extortion.

Secret societies are as much a part of Chinese tradition as the mafia in Italian life, and police efforts to stamp them out have not succeeded.

But despite the overcrowding, pressures and strains of big city life, the people of Hong Kong know

a cheerful capacity for hard work, a dynamism and initiative almost unique in tropical countries.

"We know hard work combined with luck can mean big rewards," says one local industrialist. "You start, say, by renting a machine and making arms and legs for plastic dolls as a sub-contractor. When the firm you're supplying gets bigger orders, you share in the good times. You acquire your own factory and buy more machines on hire-purchase, make your own contacts with overseas buyers, and out of a hundred machines you get back to a factory job until you're ready to try again."

If a man can't grow rich himself, he'll pin his hopes on his children. There's enormous pressure in Hong Kong to get children into good schools and force them through examinations. Children start learning their Chinese characters at the age of three or four.

Southern Chinese — and that means most Hong Kong people — are known as intense individualists. Trade unions play a little part in industrial life. Every man looks forward to the time when he will be his own boss. This gives the daily Hong Kong life an intense quality but also an inextinguishable sense of energy and liveliness. There are no more wide-awake people in the world than the Hong Kong Chinese.

Rising Inflation Poses Problems for Tourism

By I.M. Taylor

HONG KONG (IHT) — The at of double-digit inflation jeopardize Hong Kong's in several ways, not least trade.

Some industry spokesmen warned that increased hotel prices (the Hong Kong is depreciated, almost 10 percent the U.S. dollar) and prices in stores could price out of its once favored the Asian tourist circuit. The Hong Kong tourism industry may be exaggerated. Inflation is worldwide and the Hong Kong tourism industry suffer from it. But one clear: Hong Kong needs to go with its old standard hotel service, exotic restaurants, the best range of the Orient.

At the China border, after signs have much appeal (easy to cross into China and see the real thing). Hong Kong has an attraction which is not shared by foreign — and Western — tourists. It is to have something like visiting prime minister. We could not afford

in each direction over a milelong stretch of peninsula between the lowland park around the entrance and the end of the headland.

The cable cars, as they move along, reaching a maximum height of 200 meters, offer a panoramic view of Hong Kong's island and outlying islands. The park's attractions lie at the end of this ride. First, there is one of the world's largest aquariums, holding 2 million liters of purified sea water. The aquarium is a simulation of a tropical atoll and contains nearly 30,000 fish from the region that can be viewed at differing depths. There is a cove where tides and waves are artificially produced and where penguins and sea lions roam. At feeding time each species responds to a different electronic signal as their keepers come forward with the food.

There are several shows daily in a large open-air theater, which include a killer whale, high-jumping dolphins and acrobatic seals.

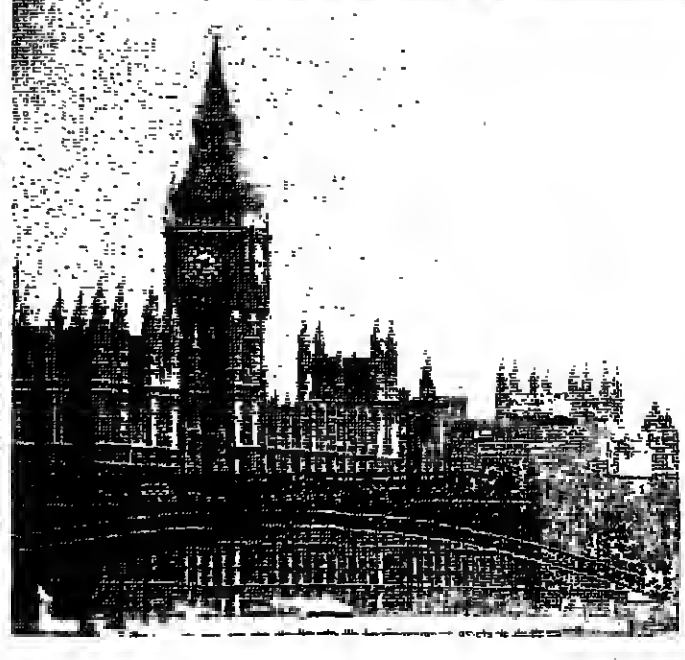
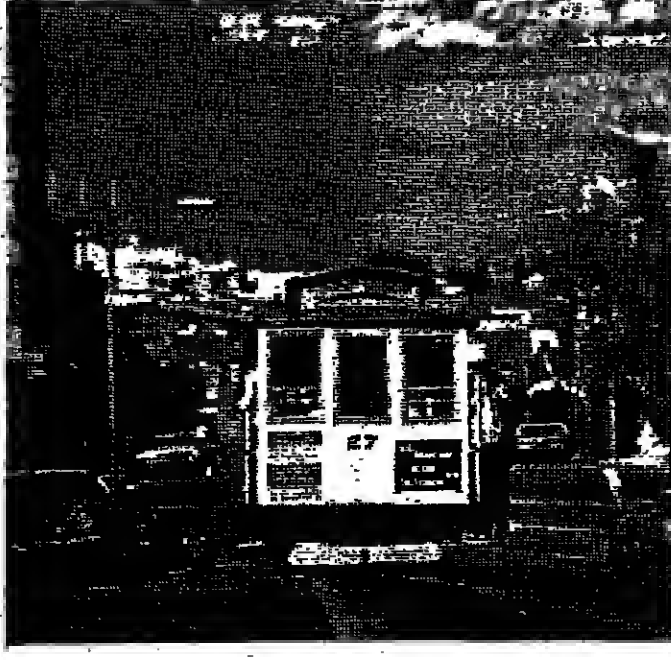
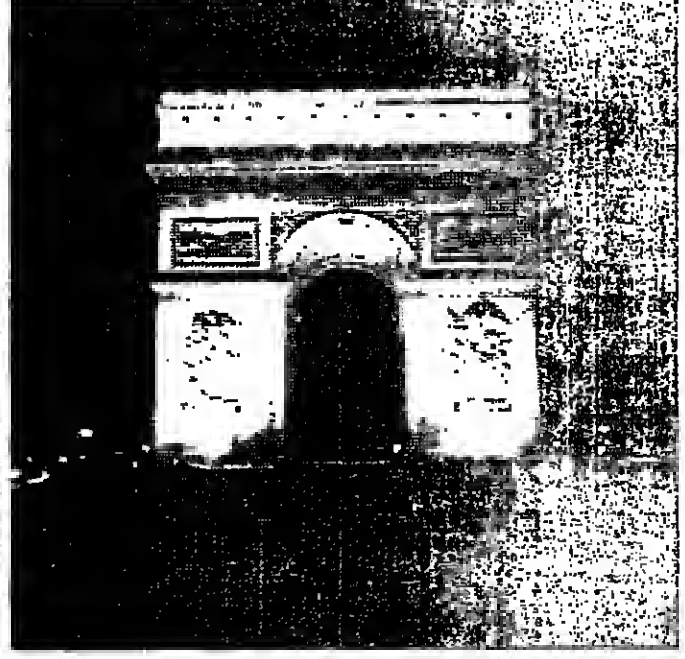
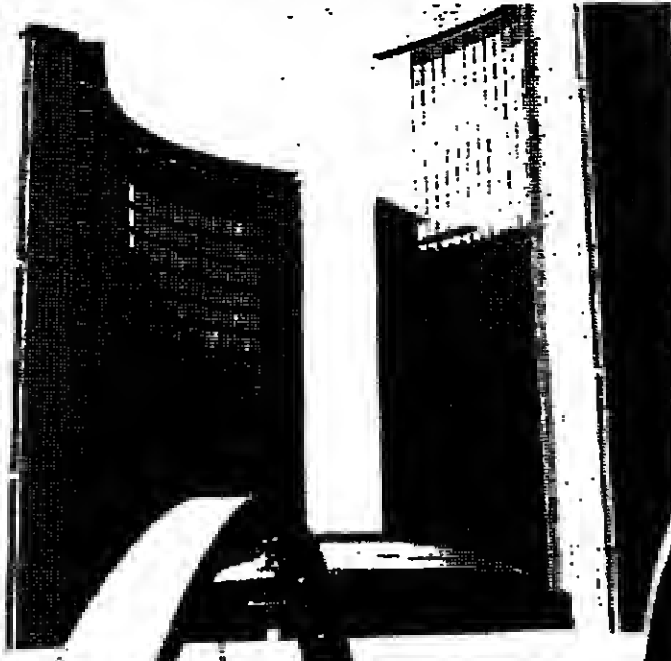
A Rare Animal

Ocean Park is run by a rare Hong Kong economic animal — a nonprofit organization, which was helped to get going by a \$30-million donation from the Royal Hong Kong Jockey Club. So far the appeal of Ocean Park has been great for Asian tourists.

The Taiwanese top the list of foreign visitors closely followed by the Japanese. But no less than 80 percent of the park's visitors are local people. Curiously, the park gives this as a reason for its limited advertising together with the fact that foreign tourists stay a short time in Hong Kong. Foreign visitors might stay longer were Ocean Park better known. Apart from its performers, its major attraction is the fact that it is one place where Hong Kong has taken great care and trouble, as well as demonstrating concern for nature.

Headland

Looking after a visit to the combined marine park and zoo. Set between Repulse Bay and overlooking Victoria Sea, the park covers 180 acres. These were donated to the Hong Kong government. The park is developed with a theme. While visitors stroll through the park, they can see the most picturesque scenery of the park is the car system which carries passengers an hour



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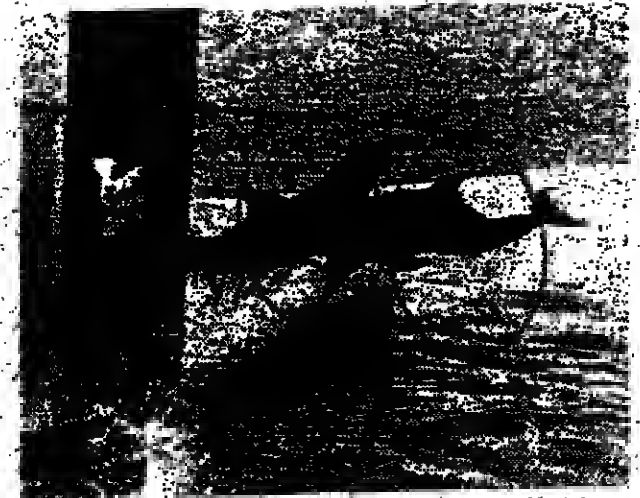
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Dolphins are a major attraction for tourists at Ocean Park aquarium



Transport Shifts to 'Modified Initial System' of Underground

By Harvey Stockwin

HONG KONG (IHT) — For four years, Hong Kong has been energetically trying to reduce its urban transport noise and congestion by temporarily increasing both hazards. Roads have been dug where the traffic is densest. Drills and other construction equipment have added to the din around the clock in a city where noise pollution is already considerable. Mass transit by bus, streetcar and minibus has been slowed amidst lengthening traffic jams.

All this, in order that mass transit by rail will be cooler, quieter, and quicker. Now comes the payoff for the inconvenience. On Oct. 1, regular services will start on part of Hong Kong's "modified initial system" of underground railway. At a time when other mass transit systems have experienced heavy cost overruns and construction delays, Hong Kong's first subway is a notable achievement. The Hong Kong system has been built to schedule, is opening on time, has avoided excessive cost, and will not be receiving endless subsidies from the government.

On the contrary, the Mass Transit Railway Corporation is opening by doing some subsidizing itself. Nearly 1,000 Hong Kong "fat cats" have paid 500 Hong Kong dollars each to ride an inaugural train on Sept. 30. Another 100,000 have paid 10 dollars each to sample the system later the same day.

First Line

The Hong Kong "community chest" will benefit from the proceeds. In part, that is for all the inconvenience caused by the construction. But from Oct. 1, the MTRC will have to act as its charter requires — "according to prudent commercial principles." The subway is expected to make profits sufficient not merely to cover running costs, but also to pay back the commercial and international loans which have financed the project.

The first line is 15.6 kilometers long, has 15 stations (three above ground) and cost 5.8 billion dollars. The second line, to the north-west of Kowloon and beyond — the

Tsuen Wan extension — is already under construction, has 10 stations, is 10.5 kilometers long, and will cost 4.1 billion dollars. When the extension is completed in 1982, 10 billion dollars will have built 27 kilometers of track and 25 stations.

The hopes for profit, and the vast problems the MTR faces, are summarized by a simple contrast. Hong Kong's subway will be moving an estimated 1.8 million people a day by the mid-1980s. The far longer Underground in London (at least six times longer) only moves 1.5 million people a day. Put another way, when the Washington, D.C. Metro opened in 1977, it had already cost more than Hong Kong's first two lines — but it was only carrying the numbers expected to ride for charity in Hong Kong Sept. 30.

A single station of the Hong Kong system will have to handle more people in a day than does the whole Washington system. That station is Chater, the present terminal of the system in Hong Kong's central business district. Built where the old colonial-style post office once stood, it will have to handle around 300,000 passengers a day. But on Oct. 1, the subway will only link northern Kowloon with southeast Kowloon.

Most of the nine stations to be opened are in or near heavily populated housing estates. On Jan. 1, the same line will extend to the part of Kowloon just across the harbor from Hong Kong. The trains will go through a submerged tunnel (similar to the one constructed earlier for vehicular traffic) under the harbor to Chater, and one other station, by the middle of February.

1982 Extension

This line is the modified initial system. The Tsuen Wan extension is scheduled to be completed by 1982. Other lines are a possibility in the future. Hong Kong's venerable double-decker trolleys may give way to a faster light-rail system, which will go underground, and link up with the MTR, around Chater.

Another line through east Kowloon, and out to the New Territories, has been mooted. If the decision is made to build a replace-

ment for Kaitak Airport on an island north of Lantau, then the Tsuen Wan link could be extended further to reach it. Immediately the key questions are — how will the initial MTR work and how will Hong Kong's populace adapt to it? Already, the trains are running continuously with a view to ironing any bugs out of the system well before the official opening.

The four-carriage trains look like a single long carriage from the inside, since no space has been wasted at the point where the carriages link. Because of the heat and humidity of Hong Kong's torrid summer, the whole system is air-conditioned which by itself created huge engineering and construction problems. At peak time, the trains

will run at two-minute intervals, but six minutes will be the longest any passenger should have to wait at any time — if all goes well. Total computer control of the system is possible. But after noting the difficulties experienced by mass transit systems, like the BART in San Francisco, the MTR has opted for a mix of manual and computer control to give greater flexibility.

Ultimately, the arbiter of the very considerable technical, engineering and construction achievements that have gone into the building the MTR will be market forces. MTR travel will be cheaper than taxis, but more expensive than all other forms of transport. An unanswered question is whether its Cantonese consumers will consider the subway ride a good buy. The

two lines being built have been designed to attract the maximum volume of traffic. But new subways frequently change or affect travel patterns in ways that their planners do not not anticipate. The U.S.-made automatic change, ticket, and turnstile machines caused problems in San Francisco and Washington. Will they also be a complication in

Hong Kong? But the magnetic tickets issued by these machines are the MTR's head off an anticipated problem. The tickets, initially programmed to last 13 minutes. The corporation calculates that the MTR's air-conditioned might encourage some Cantonese to take their rest underground they do, they'll have to pay fares for the privilege.

Putting New Restrictions on Immigration From the Mainland

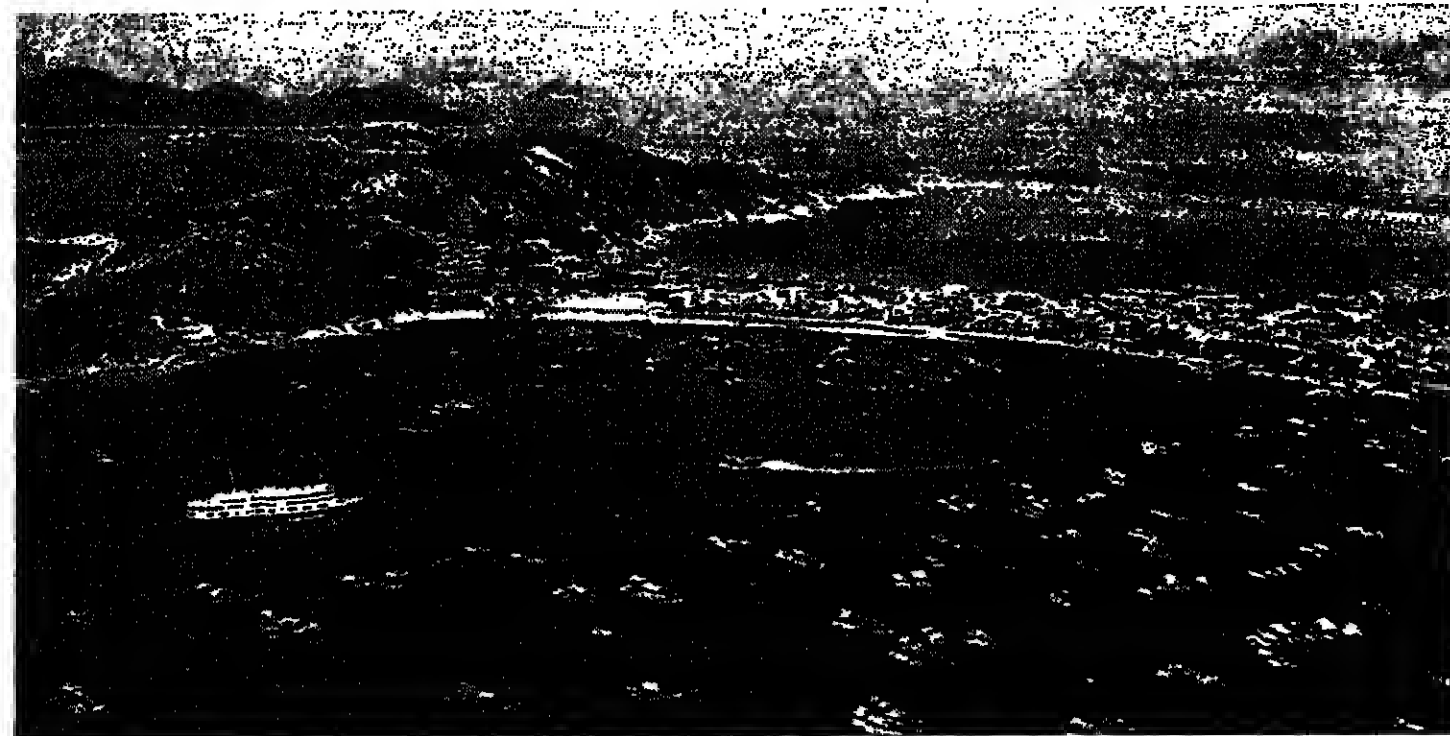
By Anthony Lawrence

HONG KONG (IHT) — In Hong Kong's 137 years of history, it has been the immigrants from the mainland who have built most of the factories, worked the mines and largely built the colony's prosperity. Without them, Hong Kong would have simply lacked the manpower and the industrial and entrepreneurial drive essential to success.

Now Hong Kong has enough people — nearly five million — and wants no more from China. But they still keep coming. And there have been times well within living memory when the influx has been so tremendous (notably in 1962 and in the past winter and spring) that it seemed to threaten eventual breakdown to Hong Kong's economy and essential services. Earlier this year, it looked as if within 12 months the population might be increased by a whole 10 percent. (About half a million if Vietnam refugees were included).

Now the situation has eased. But still in the past 12 months, Hong Kong has acquired many scores of thousands of new citizens — mainly youngsters in their late teens and early twenties — who've had plenty of problems to face and also given many headaches to the authorities.

These are the so-called illegals who have left China without permission. Earlier this year, they were pouring into Hong Kong at an estimated rate of 1,000 a day. This influx was additional to the controlled movement of legal immi-



grants, who had left China with official exit permits. The legals were sometimes overseas Chinese who had returned to China 20 or 30 years ago to help Chairman Mao

reconstruct the fatherland but had tired of the effort and were allowed to leave. Others wished to join relatives in Hong Kong and elsewhere. They are now arriving at the rate of 40 or 50 a day. They are accepted

by the Hong Kong authorities who wish to maintain present excellent relations with Peking, but they try to limit the immigrants stay wherever possible.

It's a very different reception for the illegals. They know that if caught by the Hong Kong security forces along the border, they are likely to be handed back without delay. And though their punish-

ment by their own authorities will be surprisingly light, perhaps a week in a labor camp, it's still a black mark against them and their only hope is to try again. But many swimmers have been caught by sharks, and so far this year, at least 270 bodies believed to be those of illegals have been taken from Hong Kong waters.

Alarmed by the dramatic increase in illegals earlier this year, the Hong Kong government stepped up border surveillance and more British troops were flown out from the U.K. And the Chinese

government, responding to appeals from Hong Kong governor, Sir Murray Maclehoze, drafted units of the PLA's 42nd army to seal the border from the Chinese side. This has drastically reduced the numbers of illegals trying to cross, though just recently there's been a new attempted influx by illegals using mainland fishing sampans.

Who are the illegals? Most of them are young people, with men outnumbering women 10 to one) who come from the villages of South China or from the provincial capital, Guangzhou. Some of them

are former city-dwellers who have been sent down to the countryside because of the lack of jobs in and they see no future in life. They have heard that in Hong Kong there is money to be made and shops bursting with luxuries. And so they decide to give it a try.

If they succeed in getting the security patrols to the borders of Hong Kong and stay for a few days, they can apply for an entry permit. The authorities say it's better to catch the illegals after a few days than face the problem of considerable numbers of people living the run.

Nearly all immigrants from mainland have relatives in Hong Kong who will shelter them for a few weeks. After that the prestart. Mainland youngsters are used to working as hard as Hong Kong people and they find Hong Kong factory conditions exciting. They have difficulties in finding somewhere to lodge. The been taught the Communist abbreviated Chinese characters find it difficult to read Hong Kong newspapers, which follow a style. Some drift into crime. voluntary agencies try to help them shortly after arrival and them on Hong Kong conditions and possibilities. Some go on to the United States; times of political persecution this channel is likely to be open that the United States China are on such friendly terms.

Fortunately, there is a shortage in Hong Kong and has meant that the young grants from China can at least port themselves. If recessed Hong Kong, the immigrants present a disturbing problem.

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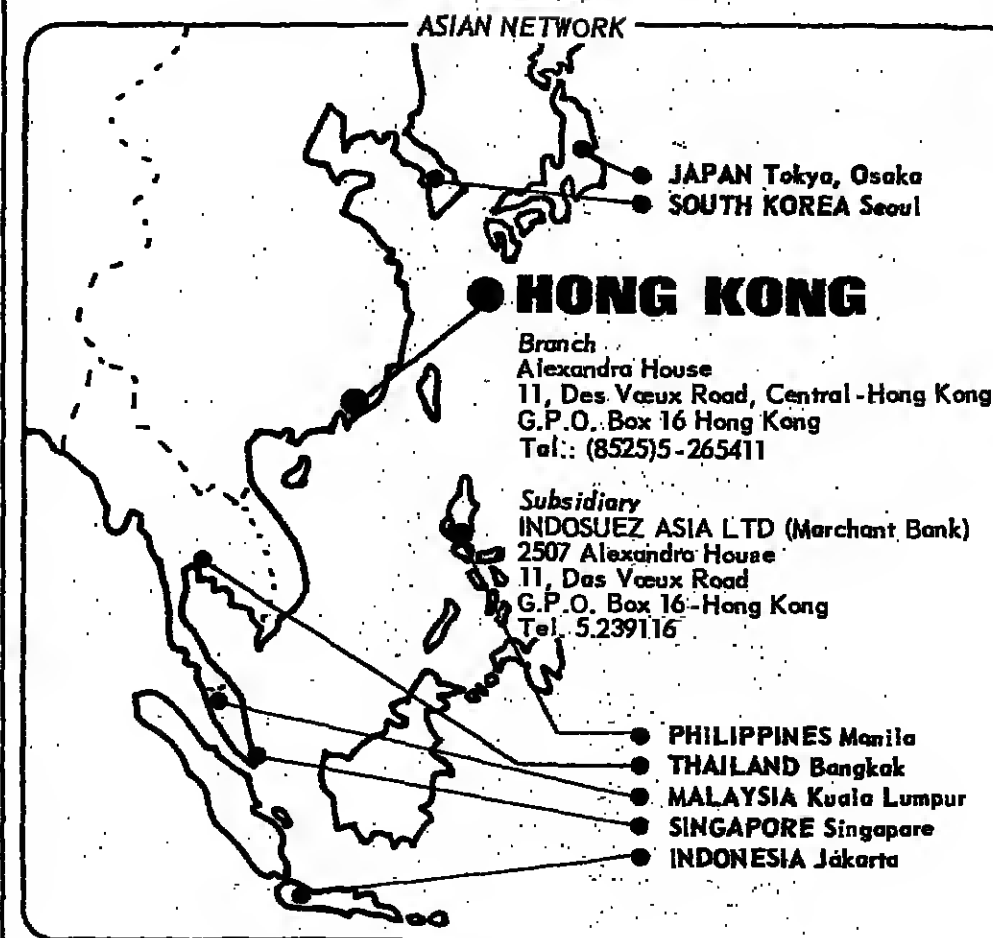
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Hong Kong Lends a Helping Hand to China's Modernization

Thomas D. Gorman

HONG KONG (IHT) — "Our workers are Chinese. Hong workers, just a few miles away, are also Chinese. Yet their productivity is many times higher. After discussion with Hong Kong partners, we realized that incentives were the key to what we have adopted a new system."

Comments by a Chinese official in Kwangtung province, one of the most important contributors to China's four modernizations program.

A few of most observers during 1978 has been that Hong Kong is a channel for 50 percent of China's foreign exchange earnings. Second, Hong Kong is a commercial laboratory. Peking-controlled and enterprises can function in a capitalist environment, profitable for the state and valuable lessons in the Third, as a window on the offering highly developed facilities. And last, as a buffer in the event of Sino-Vietnamese conflict. Until recently, the view was that on the termination of the 1977, China might decide Hong Kong, despite that Peking does not recognize.



By mid-1979, Hong Kong Chinese entrepreneurs were engaged in almost 300 compensation trade ventures in neighboring Kwangtung province alone. Compensation trade is a quasi-joint venture whereby the foreign partner takes payment on his investment through output of products produced for export. At least 70 of these ventures are in Shumchun, the newly established industrial and trade zone directly adjacent to Hong Kong's new territories, an area recently upgraded in administrative status by Peking and slated to play an important role in foreign trade. Income to Shumchun authorities from these 70 ventures, in the form of processing fees, will amount to some \$HK30 million in 1979.

In addition to existing ventures in the light industrial and agricultural fields, many more are under discussion, including tourist resorts, hotels and restaurants, ship repair facilities and electronics factories. Hong Kong provides valuable input to management of Chinese industrial enterprises. Following early dissatisfaction with productivity levels in joint ventures involving Hong Kong firms in Kwangtung province, Chinese officials accepted the Hong Kong partners' view that worker incentives were of paramount importance.

Now most workers in compensation trade enterprises are paid strictly on the basis of monthly output. The wages of management staff are determined on a monthly basis by averaging the wages of the top ten workers in the factory.

Kwangtung province owes a great deal to Hong Kong for achieving a considerably greater degree of economic autonomy than most Chinese provinces enjoy. Hong Kong's role as an entrepot center and transshipment base for Chinese exports emanating from Kwangtung and other provinces has been essential in assisting Kwangtung to account for upwards of 20 percent of China's total two-way trade with the world.

Likewise, Hong Kong relies on Kwangtung for essential foodstuffs, drinking water, inexpensive consumer goods and machinery.

Hong Kong will soon provide a major source of energy to Kwangtung province through a deal with Hong Kong's China Light and Power Company whereby the Hong

Kong firm will generate electricity, most probably with coal imported from China, and in turn supply power to Canton and Shumchun at reasonable rates. Advances in the transport sector that have increased the economic interdependence of Hong Kong and South China since mid-1978 include: daily air service between Hong Kong and Canton, regular mini-coolair truck services, daily hovercraft services between Hong Kong and Canton's Whampoa Harbor, and a daily through train between the two cities.

Hong Kong is a highly attractive investment center from Peking's viewpoint. Recent expansion of

Peking-controlled or affiliated companies in the commercial and industrial real estate markets in Hong Kong has been matched by substantial new investments in luxury housing, a giant cement plant, and major new office complexes including an exhibition center for Chinese products.

Peking's attempts to court increased two-way trade with Taiwan might be wishful thinking at this point if it were not for Hong Kong's role as middleman. Re-exports of Taiwan-made consumer goods to the People's Republic through Hong Kong are soaring, with refrigerators, television sets, and textile piece goods leading the

list. Re-exports in the other direction continue to grow slowly, with medicinal herbs at the head of the shopping list.

Peking-controlled and affiliated enterprises in Hong Kong enjoy more favorable business conditions than in any other Asian business center, including Peking, from the viewpoint of taxes, services, business law and related concerns. The official agents and distributors of Peking-based foreign trade corporations have a great deal more flexibility in foreign exchange dealings and other matters than their principals, a factor for which their principals are no doubt grateful.

Peking has insisted that U.S. oil

companies involved in the search for oil in the South China Sea use Hong Kong as their operations base, despite established bases in Singapore. A similar situation will most likely prevail for companies involved in south China mineral exploration and recovery — which will benefit Hong Kong and open up new opportunities for service and supply operations.

The moral of the Hong Kong story from China's viewpoint through the 1980s, and well beyond, echoes the fundamental tenet of Peking's policy regarding foreign trade: "Mutual benefit: let's exchange your strengths and my weaknesses, and vice versa."

Colony Takes Up Conduct of Foreign Affairs

By Leo Goodstadt

HONG KONG (IHT) — Over the centuries, Britain has jealously guarded its colonies from conducting their own diplomacy. Foreign affairs have been strictly London's business.

During 1979, this imperial tradition was jettisoned as Hong Kong went into an international campaign to lighten its burden of Vietnamese refugees. Throughout the year, Hong Kong government officials have denounced in dramatic terms Hanoi's human exports. The refugee arithmetic explains the pressure on the Crown Colony's officials to get involved openly in regional affairs. In the first eight months of 1979, the total number of boat people from Vietnam arriving in Hong Kong was 70,602, compared with only 9,996 for the whole of last year.

Hong Kong's governor, Sir Murray Maclehoese, has taken a team to Washington, London and Geneva to put the Crown Colony's case. Hong Kong's first objective has been to mobilize world indignation to induce Hanoi to halt the refugee flood.

The second target has been a fair share for Hong Kong of refugee resettlement places in Western countries. Here, Hong Kong has been in direct and successful competition with other major refugee havens like Thailand and Malaysia.

The traditional absence of overt diplomacy has not prevented the Crown Colony from lobbying Asi-

an capitals. The single most sensitive issue has been treatment of Hong Kong travellers. Southeast Asia has been deeply suspicious of Peking since the Communist victory in China in 1949. This mistrust has resulted in severe restrictions on ethnic Chinese in the region. Even holders of British passports issued by the Crown Colony are subject to discrimination on racial grounds. Hong Kong's immigration department has waged a protracted campaign to allay misgivings about Hong Kong visitors.

Unconvinced

The government of the Philippines has proved the most difficult to convince. In January, Manila, without prior notice, banned British passport holders of Chinese race from entering as tourists other than in groups of five. The Philippines government has offered only minor concessions after months of negotiations. Hong Kong suspects that corrupt Manila immigration officers are reluctant to surrender their powers to milk the ethnic Chinese.

Much more successful has been the Crown Colony's drive to foster regional cooperation to stem narcotics. Hong Kong's drug addicts consume an annual \$110 million. Supplies are smuggled in from the "golden triangle," mainly through Thailand, where a Hong Kong police office has been attached to the British Embassy since 1973. The payoff for the anti-narcotics

drive has been a drastic reduction of drug supplies on Hong Kong streets, and a boom in attendance at addict treatment centers.

Southeast Asia has become a growing market for more legitimate commerce. Hong Kong's re-export trade has enjoyed a remarkable revival. By 1978, re-exports had risen 89 percent within four years, to reach \$2,639 million.

Just over a quarter of this trade consisted of products from China. The re-export boom reflects a massive upsurge in Asian demand for Chinese goods. A major barrier to China's exports in the Asian region is lack of diplomatic contact. Chinese relations with Indonesia were ruptured after the abortive Communist coup of 1965. Re-exports avoid diplomatic complications, and in 1978 allowed \$88 million worth of Chinese goods to reach Indonesian customers.

Rejected

Peking has made calls for direct commercial, tourist and personal links with Taiwan which Taipei has rejected. Nevertheless, in 1978, Peking pushed up its sales to Taiwan via Hong Kong by 53 percent to reach \$44 million.

Hong Kong's ability to act as a neutral trading ground between Asian states also reflects its role as "capital" for the 15 million or so overseas Chinese in Southeast Asia. Businessmen and officials in Hong Kong argue that these Vietnamese officials represent a significant

bridge with the Asia region for a Vietnam which has become increasingly isolated internationally.

For its part, the Crown Colony sees nothing abnormal in this arrangement. After all, other Southeast Asian nations have been welcome to exploit Hong Kong's diplomatic neutrality to normalize relations with Peking.

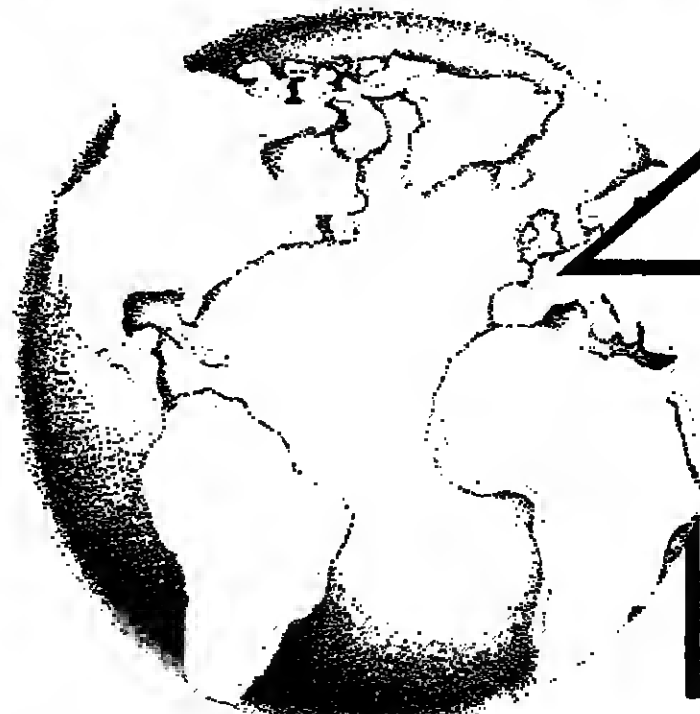
Though Hong Kong families may be divided by national rivalries and international disputes, they can maintain physical contacts. Asian businessmen can use their overseas Chinese links to Hong Kong to evade import restrictions and foreign exchange controls.

This honest broker's role has been of special importance in the slow process of rebuilding ties between Peking and Southeast Asia. Singapore, for example, has still not extended diplomatic recognition to Peking. The Singapore government has managed to develop solid trade and political links with China through its contacts made in Hong Kong.

The potential contribution to the region's stability is brought out by the Vietnamese situation. China and Vietnam fought a war in 1979, and the Hong Kong government has denounced Hanoi bitterly over refugees. A Vietnamese government presence continues in the Crown Colony. Technically, Hanoi is only allowed to maintain a trade office but its staff is more than commercial representatives in practice.

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Dynamic Economy a Pacesetter in Push for Modernization

(Continued from Page 7S)

nied a consulate, few Russian tourists obtain a visa, and Russian ships are carefully watched. When the Moscow Narodny Bank in Singapore came within sight of owning Hong Kong land as a result of a foreclosure, deft Hong Kong footwork speedily made sure this did not happen. For Hong Kong, a governorship by Mr. Heath would also give a boost to its own growing but frustrated sense of self-importance. The fact that Hong Kong is an economic entity, and a political nonentity, means it does not develop an identity and lacks a sense of community.

So another Hong Kong paradox is that it retains a nondemocratic structure, yet cannot be as forcefully authoritarian as Singapore, either. Conceivably a skillful former politician would be more adept at maneuvering in this political cul-de-sac. Meanwhile, Hong Kong remains, in the phrase of the Prime Minister of Singapore, Lee Kuan Yew, a place where "anything goes" for better and for worse. Yet when all is said and done, Mrs. Thatcher may well decide to further extend the term of Sir Murray MacLehose (he has had several extensions already) on the sensible

Hong Kong's phenomenal growth, from a bedraggled outpost in 1945 to a thriving metropolis of nearly 5 million, had long been without serious inflation

grounds that he has already frequently displayed the required qualities. During Sir Murray's 1971-1979 stewardship, and under the guidance of financial secretary Philip Haddon-Cave, Hong Kong has weathered all the economic vicissitudes and kept pace with East Asia's other economic success stories — South Korea and Taiwan. There may be more extremes of wealth in Hong Kong than in South Korea or Taiwan but Hong Kong's wealth is now better distributed, as more and more of the populace become active participants in a consumer society.

Under Sir Murray's aegis — and in response to pressure from Britain and protectionist-minded states — welfare economics have mixed with the ongoing loyalty to market forces. One reason for the Hong

Kong resentment at the influx of legal and illegal immigrants from China was because it was felt that it would further postpone the successful distribution of better housing for all. Vast strides have nevertheless been made in the last decade in improving Hong Kong's quality of life, to an extent unimaginable 10 years ago. The influx from China required deft pressure on China to itself restrain the outflow. Sir Murray brought this issue up with among others Chinese Deputy Premier Deng Xiaoping when he became the first Hong Kong governor to pay an official visit to China.

Conversely, pressure had to be brought to bear on Britain to increase its garrison here for border patrol duties — with Hong Kong of course picking up the tab. Likewise

Hong Kong's overcrowded Vietnamese refugee camps ran up against Mrs. Thatcher's disposition to further limit immigration into Britain. Pressure and public outcry resulted in a belated British promise to take 10,000 Vietnamese refugees from Hong Kong over the next three years. The United States has promised via Vice President Mondale to be taking 2,000 a month by the end of this year.

Civic Feeling

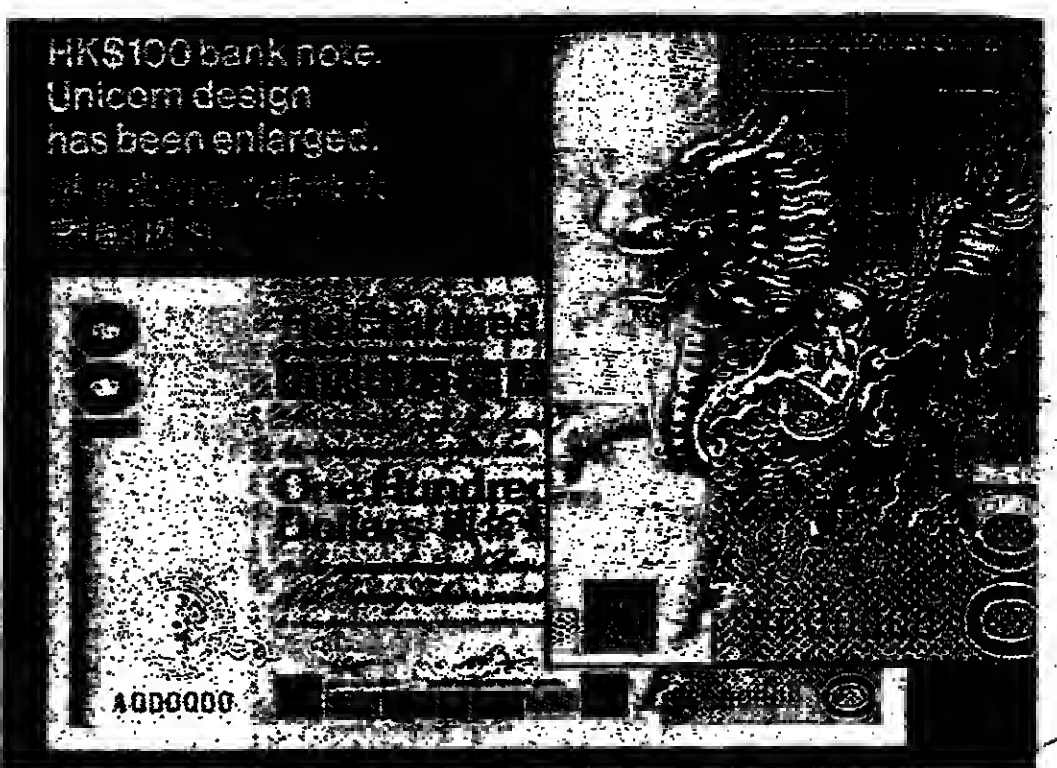
This latter trait leads to civic irresponsibility such as that displayed by mindless rubbish dumpers, rude or hostile shopkeepers and avaricious landlords. There cannot be any "Hong Kong nationalism" so Hong Kongites develop a kind of vicarious national pride around projects and events such as the oceanarium at Ocean Park, the billion Hong Kong dollar race course recently built at Shatin and the new mass transit railway. Pride was also taken in the performance of Sir Murray on the international scene as a result of the Vietnamese refugee crisis. Any governor of Hong Kong is denied two important options as possible antidotes to the lack of "national" feeling. Unlike Prime Minister Lee in Singapore, he cannot compel internal political unity nor push for national identity. There are even limits on how much compulsion he can bring to bear to create civic-mindedness. The governor is also stuck with a colonial constitutional format which, in all but the most backward colonies, was already passe well before World War II.

Whoever is chosen governor faces an increasingly demanding job. Hong Kong's phenomenal growth, from a bedraggled outpost of 500,000 in 1945 to a thriving metropolis of nearly 5 million, had long been without serious inflation. Now double-digit inflation has arrived, threatening numerous economic and social complications. Hong Kong's industries, particularly textiles, face ever increasing protectionism and require that the colony bargain hard for its interests, even though it often has to do so from inside a British delegation.

If the new governor serves a five-year term, he will be in office when the unsolved issue of the new territories lease begins to erode investor and business confidence. Mr. Deng told Sir Murray in Peking that the minds of investors should rest "at

ease," but Western legal logic still conflicts with even the most forthright Chinese assurances. That logic requires specific guarantees. Even if Chinese politics are stable, Peking would be understandably reluctant to be specific on, say, a further lease period. For a start Chinese political logic does not even recognize the lease. In the Chinese view it was "an unequal treaty" and all such treaties are null and void.

As both Chinese-Japanese and U.S.-Chinese relationships, particularly economic ones, widen and deepen, the prospects are that the political curiosity called Hong Kong will, given wise management, be around for a long time to come. So a final irony: thirty five years after President Roosevelt advised the British to hand Hong Kong back to China, the belated normalization of U.S.-Chinese relations gives China added reason for retaining a legacy of an unequal treaty and China is happy to observe Vice President Mondale extolling the virtues of the U.S. 6th Fleet in Hong Kong harbor. Mr. Mondale was on the 60,000-ton aircraft carrier Midway. Symbolically, Britain's four tiny minesweepers, the final remnant of the royal navy's China fleet, were not in sight at the time.



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Oil Fever Is Spreading to Property Market

HONG KONG (IHT) — "One hundred twenty flats wanted at any price," read the headline. The oil exploration business has a free-spending reputation that is well-deserved. But in this particular case, the normally sedate South China Morning Post appears to have caught Hong Kong's latest malady: oil fever.

By Hong Kong standards, \$2,000 does not buy luxury accommodation. The "at any price" part of the headline was undeserved. So, it appears, was the figure, 120. "It's only 60 flats," said Patricia Burchell of Hong Kong's Asby Realty, "and not until next year." Without naming names, however, Mrs. Burchell did confirm that oil-related companies are entering the property market. Moreover, some are willing to pay up to \$4,000 a month on accommodations for senior staff.

A flurry in upper-end real estate is just one indication of how Hong Kong is awakening to the fact that an oil exploration boom may be about to happen in Chinese coastal areas surrounding it. Amoco, Atlantic Richfield, Mobil, Exxon, Calumet and Phillips have recently signed seismic surveying agreements with China for areas from Hainan Island to the Taiwan Straits. Further north, off Shanghai and beyond, British Petroleum and Elf Aquitaine also have agreements. Seismic work began this summer. Exploration contracts have yet to be negotiated, but experts here believe the first wells by foreign companies could be spudded before the end of next year.

"You need supplies for exploration and confirmation drilling, and there is no way they can all be provided from Canton," said Jayson

Mugar, a close follower of China's oil developments and Hong Kong representative of Union Bank of California. "Within 6 to 12 months," said Mr. Mugar, Hong Kong should be bustling with supply vessels.

According to other sources, one of Hong Kong's major banks has been talking to potential investors about a logistical support base for South China Sea exploration: for the northwestern end of Tsing Yi, one of Hong Kong's satellite islands slated for industrial development.

Hong Kong United Dockyard already has considerable oil-related experience. It converted the world's largest drillship, Taimaron, in 1974, and has built several single-point oil-production mooring systems for the Los Angeles-based company, Imoco. One of these, still in the

dockyard, is rumored "too stark for China."

Sen. Henry Jackson, D-W recently returned from China, word that the Chinese already have their first offshore discovery in South China Sea, in an area Haioan Island. Some Hong Kong-based companies, like Caterpillar, Far East, for example, have contracts to supply equipment China's offshore drilling effort.

Earlier this month, E.R. Li, senior vice-president-finance Dresser Industries of Dallas, announced here that his company would soon be opening an office in Hong Kong to cater to China's suppliers of oilfield products equipment. According to Luter, it has already done a worth of business with China directly from the U.S.

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Eutell 1	601	20	289	30	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2
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Eutell 1	601	20	289	30	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2
Eutell 1	601	20	289	30	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2	FREM 20	294	13	125	124-1/2
Eutell 1	601	20	289	30	FREM 20	294	13	125	124-1/2															

This announcement is neither an offer to sell nor a solicitation of an offer to buy or exchange these securities. The Offer is made only by the Take-Over Bid Circular and Prospectus and the Related Letter of Acceptance and Transmittal and is subject to the terms and conditions set forth therein.

Offer to Holders of Common Shares of

Canadian Superior Oil Ltd.

by

The Superior Oil Company

The Superior Oil Company ("Superior") is offering to exchange (net to the seller):

**0.229 of a Share of Superior Common Stock
and U.S. \$25.00**

for each of the Common Shares of Canadian Superior Oil Ltd.
("Canadian Superior") not owned by Superior

THE OFFER WILL EXPIRE AT 9:00 A.M. NEW YORK CITY TIME
ON OCTOBER 4, 1979, UNLESS EXTENDED.

The Offer is not conditioned upon any minimum number of Shares being tendered.

Superior stockholders are expected to approve the issuance of the shares required to effect the Offer at the Special Meeting of Stockholders on September 27, 1979.

Canadian Superior shareholders wishing to accept the Offer should either (a) complete and sign the Letter of Acceptance and Transmittal and deposit it along with the share certificates and any other required documents with the Exchange Agent or either of the Forwarding Agents or (b) request a broker or bank to effect the transaction.

Holders of Canadian Superior shares registered in the name of a broker, dealer, bank, trust company or other nominee should contact such person to tender their shares. Shareholders of Canadian Superior residing in Canada are advised to tender their shares through the Canadian Forwarding Agent.

Under the terms of the Offer, Superior will pay to any broker or dealer who is a member of the National Association of Securities Dealers, Inc. and who becomes a member of the U.S. Soliciting Dealers group for purposes of the Offer a fee to solicit tenders pursuant to the Offer solely in the United States. Its territories and possessions of U.S. \$0.73 per share with a maximum of U.S. \$2.125 and a minimum of U.S. \$26 per beneficial owner. Similarly brokers or dealers in Canada who are members of a recognized stock exchange or of the Investment Dealers Association of Canada and who become members of the Canadian Soliciting Dealers group for purposes of this Offer will receive a fee of Cdn. \$0.85 per share with a maximum fee of Cdn. \$2.50 and a minimum fee of Cdn. \$30 per beneficial owner to solicit tenders in Canada and elsewhere outside the United States.

Questions and requests for assistance or additional copies of the Prospectus and the Letter of Acceptance and Transmittal should be directed to any of the Dealer Managers, the Information Agent, the Exchange Agent or either of the Forwarding Agents listed below.

Exchange Agent

First City National Bank of Houston

Mailing Address

P.O. Box 4368

Houston, Texas 77210

Attention: Stock Transfer Section

Telephone Inquiries: (713) 658-7705 • Facsimile Transmission: (713) 658-7512 • Telex: 77-5649

Forwarding Agents

In the United States of America

Bradford Securities Operations, Inc.

Hand Deliveries Only

2 Broadway, 2nd Floor, New York, N.Y. 10014

Attention: Reorganization Department

In Canada

The Royal Trust Company

Mailing Address

Corporate Trust Department

P.O. Box 2955, Calgary, Alberta T2P 2Z3

Hand Delivery Addresses

2nd Floor—Corporate Trust Department
Royal Trust Tower, Bantall Centre
555 Burrard Street, Vancouver, British Columbia

287 Broadway

Winnipeg, Manitoba

23rd Floor—Corporate Trust Department
Royal Trust Tower, Toronto Dominion Centre
Toronto, Ontario

1st Floor—Corporate Trust Department

C.I.L. House, 630 Dorchester Blvd. West

Montreal, Quebec

Information Agent

Morrow & Co.

345 Hudson Street, New York, N.Y. 10014

(212) 255-7400 (Collect)

Dealer Managers

In the United States of America

Dillon, Read & Co. Inc.

46 William Street

New York, N.Y. 10005

(212) 285-5750 (Collect)

In Canada

Dominion Securities Limited

P.O. Box 21

Commerce Court South, Third Floor

Toronto, Ontario M5L 1A7

(416) 362-5711 (Collect)

Pitfield Mackay Ross Limited

Royal Bank Plaza, South Tower, 27th Floor

P.O. Box 54

Toronto, Ontario M5J 2K5

(416) 865-3500 (Collect)

ITALAMERICA S.A.

Luxembourg

R.C. Luxembourg B8459

Messieurs les Actionnaires sont priés d'assister à l'ASSEMBLEE GENERALE EXTRAORDINAIRE de la société qui aura lieu le 26.09.79 à 16 heures au siège social, 16, rue des Bains à Luxembourg.

Ordre du jour

Annulation du dernier alinéa de l'article 13 des statuts concernant l'obligation d'apporter au moins deux actions pour cent du capital de la société en vue de la constitution d'un nouveau capital.

Messieurs les Actionnaires sont informés que l'Assemblée Générale Extraordinaire a pour objet de modifier les statuts de la société en vue de la constitution d'un nouveau capital.

Un communiqué expliquant la finalité de la modification statutaire inscrite à l'ordre du jour est à la disposition des actionnaires, auprès du siège social et auprès des établissements financiers ci-dessous désignés.

—Banque Commerciale Italiana, siège et succursales en Italie

—Banque della Svizzera Italiana, Lugano

—Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg, Luxembourg

—Banque de Paris et des Pays-Bas, Paris, Genève, Bruxelles, Amsterdam et Londres.

Le Conseil d'Administration

Treasury Bills

10-15-79 11.29 10.7

10-20-79 11.29 10.7

10-25-79 11.29 10.7

10-30-79 11.29 10.7

10-35-79 11.29 10.7

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10-195-79 11.29 10.7

American Exchange Options

[illegible][illegible]

Currency Rates

[illegible]

We are the wholly-owned subsidiary in Luxembourg of Badische Kommunale Landesbank, a leading German bank headquartered in Mannheim. Our Eurobanking services include

Syndicated Euroloans

In line with prevalent market conditions and specific client needs, we manage or participate in selective international loans arranged either on a fixed-interest basis or as a roll-over credit facility for borrowers requiring a flexible choice of currencies or maturities.

Complementing our diversified Eurocredit capabilities in Luxembourg, we are also active in money market and foreign exchange dealing,

as well as fixed-interest security trading.

To find out more about our Eurobanking services just contact:

- Albert Feilen - Managing Director, Syndicated Euroloans;
- L. Ottaviani - Money market and Foreign exchange dealing;
- Dr. H. Braun - Security trading

BADISCHE
KOMMUNALE LANDESBANK
INTERNATIONAL S.A.

9, bd. Roosevelt - P.O. Box 626 - Luxembourg-Ville - Tel.: 47 59 91-1
Tel.: 47 53 15 (Dealers) - Telex: 1791, 1972 (Dealers), 1793 (Credits)

ok at the prizes - guaranteed!			
1	x	1.5 Million	= 1,500,000 DM
5	x	1 Million	= 5,000,000 DM
8	x	1/2 Million	= 4,000,000 DM
12	x	1/4 Million	= 3,000,000 DM
6	x	100,000 DM	= 600,000 DM
14	x	80,000 DM	= 1,120,000 DM
18	x	50,000 DM	= 900,000 DM
22	x	40,000 DM	= 880,000 DM
26	x	30,000 DM	= 780,000 DM
30	x	20,000 DM	= 600,000 DM
303	x	10,000 DM	= 3,030,000 DM
440	x	5,000 DM	= 2,200,000 DM
1,680	x	2,000 DM	= 3,360,000 DM
5,120	x	1,000 DM	= 5,120,000 DM
1,800	x	100 to 500 DM	= 85,040,000 DM
LARGE PRIZES WINNING TOTAL			= 125,130,000 DM

[illegible]

For instance, ABN has over 700 branches at its home in Holland, plus offices in major trade and commercial centres in over 40 countries on five continents.

So ABN can assist clients almost everywhere in the world with a complete range of financial services – from import, export financing, international loans and foreign exchange, to letters of credit and a host of other activities.

But we like to think our most valuable asset is our personnel. Friendly and courteous, yet competent and

ABN people are ready to serve
you almost anywhere in the world.

Amsterdam, Algemene Bank Nederland, Head Office, 32, Vijzelstraat, P.O. Box 669 1000 EG, telephone 020-299111, telex 11417.

The ABN Bank has offices and affiliations in: The Netherlands, Ireland, England, Channel Islands, Belgium, France, Federal Republic of Germany, Switzerland, Gibraltar, Italy, Greece, Turkey (Holandes Bank-Uni), Morocco (Algemene Bank Marokko S.A.), Kenya, Lebanon, Saudi Arabia (Albank Alsaudi Alhollandi), United Arab Emirates, Bahrain, Pakistan, India, Malaysia, Singapore, Indonesia, Hongkong, Japan, South Korea, Australia, United States of America, Canada, Netherlands Antilles, Suriname, Venezuela (Banco Continental S.A.), British West Indies, Panama, Colombia (Corporación Financiera Internacional), Mexico. Operating under the name Banco Holandes Uni in Argentina, Uruguay, Paraguay, Brazil (and also as Banco Amvörð), Ecuador.

New York Stock Exchange Weekly Bond Sales

[illegible]

To manage money matters for a forest products giant like Weyerhaeuser, a man must be as growth-minded as his company.

His banker must be the same.



Edmond van Wijngaarden, Director Treasurer's
Department-Europe, Weyerhaeuser Company.

Photographed with Weyerhaeuser purpose-built forest products vessel, Antwerp

As a recognized leader in modern forest management, Weyerhaeuser has rightfully earned its reputation as the 'tree-growing company,' and in the process has grown into an international organization with decided financial strengths.

One of those strengths, internationally, is Chemical Bank and Chemical bankers.

For instance, to service Weyerhaeuser customers in Europe and the Middle East, Weyerhaeuser's European Treasurer's Department and Chemical Bank Brussels have built up an international collection program. It has the flexibility needed to accommodate a wide range of customer requests.

Weyerhaeuser, Director Treasurer

Department-Europe, Edmond van Wijngaarden and Chemical banker, Jean-François Noël, improve on this tailor-made system continuously.

Every day, a variety of forest products leaves the West Coast of the USA and Canada for delivery anywhere from Antwerp to Alexandria. And Noël helps smooth the way for the Weyerhaeuser customers' ever-changing multi-million-dollar credit arrangements.

Noël is only part of the customer-banker relationship. Another part is William H. Adams, head of Chemical Bank's San Francisco regional headquarters. As a main link with Weyerhaeuser's Treasurer William C. Stivers, Adams coordinates all groups in the bank as they relate to

the company and has helped Stivers with foreign exchange, domestic and international collection, importing and financing arrangements. He has been a specialist in the communication through ChemLink, Chemical's financial management system, as well as computer-to-computer transmission of lock box information.

Whether the team is Stivers & Adams in the United States, or van Wijngaarden and Noël in Europe, they'll tell you that mutual understanding and respect are what make the relationship prosper. That's what usually happens when corporate officers get together with Chemical bankers. And what results is bottom line benefits for both the company and the bank.

The difference in money is people. **CHEMICAL BANK**

Main Office: New York N.Y. Our Worldwide Network: Abidjan, Bahrain, Beirut, Birmingham, Bogota, Brussels, Buenos Aires, Cairo, Caracas, Channel Islands, Chicago, Dubai, Edinburgh, Frankfurt, Hong Kong, Houston, Istanbul, Jakarta, London, Madrid, Manila, Mexico City, Milan, Montreal, Nassau, Paris, Rio de Janeiro, Rome, San Francisco, Sao Paulo, Seoul, Singapore, Sydney, Taipei, Tehran, Tokyo, Toronto, Vancouver, Vienna, Zurich.

Broncos Edge Past Falcons In Field Goal

From Agency Dispatches

ANTA, Sept. 16 — Jim Fackler kicked a 24-yard field goal to give the Atlanta Falcons a 20-17 victory over the Denver Broncos in the final seconds of the National Football League game.

Falcons, led by Steve Bartkowski, who set a team record by passing 20 of 29 passes for 325 yards and the score with 1:51 left in the game, won the game on a 22-yard touchdown pass from Bartkowski to Walter Washington.

Falcons, 2-1, got the ball back a minute later and Bartkowski passed the team down to the 20-yard line. Bartkowski then drove from their own 27 to the Atlanta 7-yard line. Bartkowski then drove from their own 27 to the Atlanta 7-yard line. Bartkowski then drove from their own 27 to the Atlanta 7-yard line.

Broncos, 2-1, appeared to win the game back in the quarter when quarterback Warren Moon scored his second touchdown of the afternoon after a 20-yard pass from Moon to tight end Steve Watson. But then the Falcons scored on a 12-yard field goal by Tom Nitzsche.

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Atlanta, Brian Sipe hit tight end Newsome with a 74-yard pass to Newsome for a 1:55 left in the game. Newsome then scored on a 13-10 victory over the Atlanta Falcons.

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NFL Standings

Team	W	L	T	Pts	Opp
AFC East	3	0	0	12	10
AFC Central	2	1	0	11	10
AFC West	2	0	0	12	10
AFC South	2	0	0	12	10
AFC North	2	0	0	12	10
NFC East	2	0	0	12	10
NFC Central	2	0	0	12	10
NFC West	2	0	0	12	10
NFC South	2	0	0	12	10

S. Doctor Threatens Block Olympic Skiing

ANA, Mont., Sept. 16 (AP) — Dr. Little, a physician here, threatening to cancel the alpine skiing at the 1980 Olympic Games in a position to carry out his threat.

Chairman of the International Ski Federation's medical committee, Dr. Little has threatened to cancel the alpine skiing at the 1980 Olympic Games in a position to carry out his threat.

Too Violent, Hockey Feels

ONTARIO, Sept. 16 (UPI) — Ontario Hockey Federation officials say the game is too violent and should be outlawed.

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Halfback Shelby Gamble of Boston College dives into the end zone against Tennessee, unfortunately without the football. However he recovered his fumble for a touchdown.

Notre Dame Upsets Michigan

ANN ARBOR, Mich., Sept. 16 (UPI) — Senior Chuck Male broke his own school record with four touchdowns yesterday and Notre Dame's defense came alive in the second half to lead the underdog Irish to a 21-10 upset of Michigan.

Male kicked field goals of 40 and 44 yards following Michigan fumbles in the first half and field goals of 22 and 39 yards in the third quarter.

Notre Dame, playing its first game of the season, surrendered 12 first downs in the first half but held Michigan to just two first downs in the second half until the Wolverines' last possession of the game.

John Wampler made his first appearance of the game at quarterback for Michigan with 2:02 left and marched the team from its own 42-yard line to the Irish 25 where a 42-yard field-goal attempt was blocked with six seconds remaining.

College Scores

Team	Score	Opponent	Score
Army	26	Connecticut	10
Bohannon	24	Michigan	10
Delaware	42	West Chester	14
Lafayette	33	Kansas State	14
Louisiana	44	Mississippi State	10
Marshall	24	North Carolina	10
Northwestern	17	Illinois	10
Penn State	45	Rutgers	10
Pittsburgh	24	Kansas	10
Syracuse	24	Virginia	10
Temple	43	Drexel	10
Tennessee	21	Boston College	14
Villanova	25	Massachusetts	10

At Los Angeles, quarterback Rick Bassore threw two touchdowns passes and ran for two scores and Freeman McNeil rushed for 176 yards to lead UCLA to a 31-21 upset victory over Purdue.

After an early touchdown, the Bruins made it 14-0 in the first quarter after safety Ken Easley intercepted Mark Herrmann's first pass of the game and returned it to the Purdue 38. The interception was the 14th of Easley's career, a UCLA record. UCLA intercepted three Herrmann passes in the game.

At Minneapolis, quarterback Art Schlichter ran 32 yards for a fourth-quarter touchdown to lead Ohio State to a 21-17 comeback victory over Minnesota, the Gophers' 11th successive loss to the Buckeyes.

Schlichter ran around left end and cut across field to erase a 17-13 Minnesota lead and upstage an outstanding performance by Gopher fullback Garret White, who ran for 221 yards on 34 carries.

At Norman, Okla., Billy Sims, last season's Heisman Trophy winner, scored two touchdowns and quarterback J.C. Watts passed for 157 yards to lead Oklahoma to a 42-14 victory over Texas Tech.

Stenmark Recovering From Bad Spill

INNSBRUCK, Austria, Sept. 16 (AP) — Ingemar Stenmark, the former World Cup skiing champion who suffered a brain concussion in a spill while practicing on slopes in Italy yesterday, was in good health and spirits today, his trainer, Hermann Nogler, said.

Stenmark was brought to the university clinic here from Bolzano, Italy, last night. Nogler said the transfer was necessary because the Bolzano hospital did not have electronic equipment necessary to conduct the required tests.

After the fall while practicing the downhill, Stenmark was unconscious for 15 minutes. Nogler said Stenmark apparently lost his balance because of strong winds at the resort of Val Senales.

Stenmark, who won the World Cup three of the last four seasons on the strength of his performances in the slalom and giant slalom, was in his second day of downhill training on a specially prepared course.



Ingemar Stenmark lies unconscious after his fall in Italy.

Europe Rallies to Trail by a Point

U.S. Leads in Ryder Cup

WHITE SULPHUR SPRINGS, W. Va., Sept. 16 (UPI) — The European team rallied yesterday to make the Ryder Cup golf competition a close one.

The visitors, trying to break the United States' hold on the trophy, won three of four morning four-somes matches and two of four afternoon four-ball matches to rally from a 5 1/2-2 1/2 first-day deficit to trail, 8 1/2-7 1/2. The score puts the Europeans in excellent position to try and snap their 22-year winless streak during today's finale of 12 singles matches over the 6,721-yard Greenbrier Course.

The best the visitors have done since their most recent victory in 1957 was a tie in 1969.

The Lanny Wadkins-Larry Nelson twosome pushed their two-day record to four victories in four matches. The pair's two victories yesterday both came over Severiano Ballesteros and Antonio Garrido, Spaniards who are playing in their first Ryder Cup under a new rule that permits continental Europeans to qualify for the previously all-British and Irish team.

Neither twosome played particularly well in the foursome match, in which two golfers play one ball, alternating strokes. Wadkins and Nelson put together an eagle and two birdies to offset three bogeys and win the match, 3 and 2.

In the four-ball, or better-ball, match, Wadkins and Nelson made eight birdies and an eagle on the demanding par-72 course before they defeated the Spaniards, 5 and 4, on the 14th hole.

Two twosomes accounted for four of the Europeans' five victories.

Nick Faldo and Peter Oosterhuis, both Britons, scored a decisive 6 and 5 victory over Andy Bean and Tom Kite in foursome play. Then they held off Lee Elder and Mark Hayes for a 1-up victory in a four-ball match.

Two other Britons, Brian Barnes and Bernard Gallacher, pushed their four-match, twosome record to 3-1 with two victories yesterday. In foursome play, they defeated Fuzzy Zoeller and Hayes, 2 and 1. Then they defeated Zoeller and Lee Trevino, 3 and 2, in fourball.

Tony Jacklin and Sandy Lyle earned the other point for Europe yesterday by defeating Elder and John Mahaffey, 5 and 4, in four-some play. But the Jacklin-Lyle twosome fell to Hale Irwin and Kite, 1-up, in a fourball match.

Friday, in foursome play, Irwin and Kite defeated Ken Brown and Dez Smyth, 7 and 6; Wadkins and Nelson defeated Gallacher and Barnes, 4 and 3; Ballesteros and Garrido defeated Zoeller and Green, 3 and 2; and Trevino and Gil Morgan, United States, tied Sandy Lyle and Tony Jacklin.

In better-ball play, Wadkins and Nelson defeated Ken Brown and Mark James, 3 and 2. Bean and Elder, defeated Oosterhuis and Faldo, 3 and 2; and Gallacher and Barnes defeated Irwin and Mahaffey, 2 and 1.

The Americans, leading 2-0 after the opening singles, had a much harder fight than expected to subdue Argentina in doubles. Guillermo Vilas and Jose-Luis Clerc took the first two sets before Stan Smith and Bob Lutz recovered to win, 2-6, 4-6, 11-9, 6-4, 6-1, and give the United States a 3-0 lead.

John McEnroe beat Vilas, 6-2, 6-3, 6-2, Friday night after Vilas Gerulaitis defeated Clerc, 6-1, 7-5, 6-1.

In the decisive match here between Italy and Britain, Panatta crushed John Lloyd, 6-3, 6-2, 5-3, to give Italy an unbeatable 3-1 lead. Barazzutti outlasted Buster Mottram, 8-6, 7-5, in the last match, which was reduced to two sets by mutual agreement.

No Trouble

Panatta lost to Mottram in the opening singles match Friday but Italy evened the score in the second singles match when Barazzutti downed Lloyd, 6-1, 6-4, 6-4. Yesterday the Italians took a 2-1 lead as Barazzutti and Antonio Zangari defeated David Lloyd and Mark Cox, 7-5, 10-8, 6-1, in doubles.

The British coach, Paul Hutchins, was philosophical about his nation's eighth successive Davis Cup defeat by the Italians. "I am very disappointed we lost, but I wouldn't have done anything differently," he said.

In another match, in Hilversum, the Netherlands, Denmark was defeated by the Netherlands, 3-2, today in the second round of European Zone B competition.

After Denmark took a 2-1 lead in the doubles yesterday, Rolf Thung tied the match today by beating Michael Mortensen, 7-5, 3-6, 7-5, 9-7, in the first singles.

Louk Sanders then clinched the victory by downing Lars Elvstrom, 7-5, 6-1, 3-6, 6-0.

In Helsinki, Finland swept Egypt, 5-0, in their European zone match as Matti Tuomonen beat Ahmed El Mehmei, 6-2, 6-1, 6-0, and Leo Palm defeated Tarkk Shavki El Sakka, 6-4, 6-1, 6-0, today.

In Dublin, Bulgaria downed Ireland, 3-2.

The Bulgarians led, 2-1, going into the final day, but Ireland's top player, left-hander Soren Sorensen, tied the match with a 6-4, 6-4, 6-1 victory over Ljubomir Petrov.

Bulgaria's captain and No. 1 player, Ljuben Genev, clinched the match with a 6-0, 6-4, 6-0 victory over Kevin Menton.

Friday: Home Run in 10th Leads Cubs Over Phillies

PHILADELPHIA, Sept. 16 (UPI) — Jerry Martin hit a two-run homer with two out in the bottom of the 10th inning here Friday night to give the Chicago Cubs a 2-0 victory over the Philadelphia Phillies.

Larry Bittner opened the 10th with a single off reliever Ron Reed and scored ahead of Martin to snap a four-game Chicago losing streak. Bruce Sutter (5-6), the fourth Chicago pitcher, picked up the victory. Reed (10-8) came in for rookie Dickie Noles and took the loss.

Astros 7, Giants 0

In San Francisco, Vern Ruhle pitched a four-hitter and Rafael Landestoy drove in two runs to score two and stole two bases to give Houston a 7-0 victory over San Francisco.

Ruhle (2-3) allowed only three runners to reach second base and struck out two and walked one. On the disabled list for three months with a back injury, Ruhle won his first game since April 18.

Dodgers 2, Reds 0

In Los Angeles, Rick Sutcliffe held Cincinnati hitters through 6 1/3 innings and settled for a three-hitter to lift Los Angeles over Cincinnati, 2-0. The rookie right-hander walked four and struck out one to raise his record to 15-9 in pitching his first complete game.

Braves 10, Padres 7

In San Diego, Dale Murphy had five hits, including two homers and a run-scoring triple, to spark Atlanta to a 10-7 victory over San Diego.

Bristol Is Given 2-Year Contract To Lead Giants

SAN FRANCISCO, Sept. 16 (UPI) — Dave Bristol has been signed by the San Francisco Giants to manage the baseball team through 1981.

Bristol, who started the year as a coach for the Giants, was named interim manager following the firing of Joe Altobelli earlier this month. But made it clear he wanted a permanent position.

He spent 19 years in the Cincinnati Red organization as a player, minor league coach and manager, replacing Don Heffner as manager of the Reds in 1966 to become one of the youngest major league managers in National League history. He was fired in 1969.

In 1970 he became manager of Milwaukee for three years and managed Atlanta in 1976 and 1977, suffering losing seasons with both clubs. He served as a coach at Montreal before coming to the Giants at the start of this season.

